THE CORPORATION OF
THE CITY OF
PORT
COQUITLAM
BRITISH COLUMBIA, CANADA

ANNUAL REPORT 2013

FOR THE FISCAL YEAR ENDED DECEMBER 31, 2013

CITY OF PORT COQUITLAM

CELEBRATING 100 YEARS

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A Year in Pictures

The City of Port Coquitlam would like to thank the photographers whose images brought life to the pages of our 2013 Annual Report.

CELEBRATING 100 YEARS

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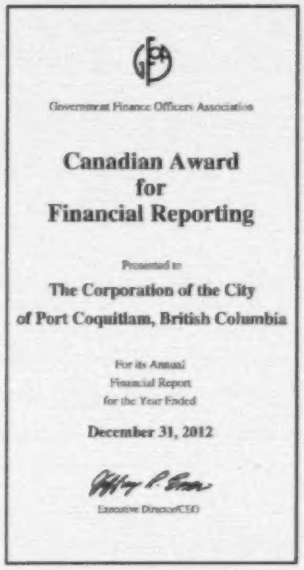
Prepared by the Communications Division in conjunction with the Finance Department

Canadian Award for Financial Reporting


Government Finance Officers Association

Canadian Award for Financial Reporting

Presented to

The Corporation of the City of Port Coquitlam, British Columbia

For its Annual Financial Report for the Year Ended

December 31, 2012

Executive Director/CEO

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Canadian Award for Financial Reporting to the City of Port Coquitlam for its annual financial report for the fiscal year ended December 31, 2012. This is the City's eighth consecutive Canadian Award for Financial Reporting.

The Canadian Award for Financial Reporting program was established to encourage municipal governments throughout Canada to publish high quality financial reports and to provide peer recognition and technical guidance for officials preparing these reports.

In order to be awarded a Canadian Award for Financial Reporting, a government unit must publish an easily readable and efficiently organized annual financial report, whose contents conform to program standards.

Such reports should go beyond the minimum requirements of generally accepted accounting principles and demonstrate an effort to clearly communicate the municipal government's financial picture, enhance an understanding of financial reporting by municipal governments, and address user needs.

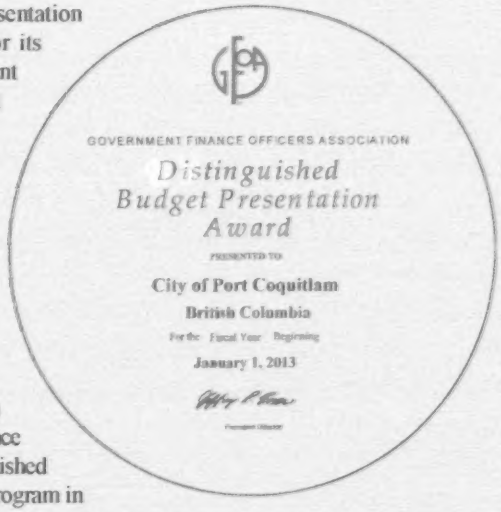
Distinguished Budget Presentation Award

The City of Port Coquitlam received a Distinguished Budget Presentation Award from the Government Finance Officers Association for its 2013 budget. The award represents a significant achievement by the City and reflects its commitment to meeting the highest principles of government budgeting.

To receive this award, the City had to satisfy internationally recognized guidelines for effective budget presentation. These guidelines assess how well the City's budget serves as a policy document, a financial plan, an operations guide and a communication device. Budget documents must be proficient in all four categories to receive this award.

This is the 16th year the City has received this honour.

The Government Finance Officers of the United States and Canada is a non-profit professional association serving 17,500 finance professionals throughout North America. The GFOA's Distinguished Budget Presentation Award Program is the only national awards program in governmental budgeting.


GOVERNMENT FINANCE OFFICERS ASSOCIATION

Distinguished Budget Presentation Award

PRESENTED TO

City of Port Coquitlam

British Columbia

For the Fiscal Year Beginning

January 1, 2013

The 100th birthday celebrations kicked off on January 4 with a launch party that included a community dinner, displays, free skating and on-ice entertainment by the Timebenders.

PORT COQUITLAM

CELEBRATING 100 YEARS

Introductory Section

Celebrating 100 Years

It was a year of community celebration and PoCo Pride. More than a dozen special events and legacy projects were held in 2013 to recognize the City of Port Coquitlam's 100th birthday on March 7.

Residents and businesses alike embraced the City's centennial, which left behind a legacy of strengthened relationships, shared experiences and community spirit that would have made its founders proud.

Port Coquitlam has come a long way in the past 100 years. What began as a hub of industry around the rail lines has evolved into a diverse community of more than 57,000, with an enviable location in Metro Vancouver, a healthy and growing base of business and industry, and a tradition of community involvement and spirit that is unusual in today's urban settings. It's not surprising Port Coquitlam was named BC's third most livable city in 2013 by *Moneysense* magazine.

Port Coquitlam Spirit Committee

The Port Coquitlam Spirit Committee is the group of dedicated volunteers that spearheaded our centennial celebrations. Through their vision and hard work, the community enjoyed a wide variety of opportunities to be involved.

The committee brought together all facets of our community, including arts and culture, sports, heritage, business, and the environment.

Experience our Spirit!

What a year it was

Here are some of the ways we celebrated in 2013:

LAUNCH PARTY: The January 4 kickoff at the Port Coquitlam Recreation Complex included a community dinner and on-ice musical performance.

LEGACY PROJECTS: The Rec Complex was lit up February 13 to March 11 with Illuminating Port Coquitlam, featuring residents' photos and art. Other projects included the 100 Portraits street banner project, the burial of a time capsule in October, and the carving of a 100-year-old silver maple tree in December.

TASTE OF POCO SPIRIT: Signature centennial wines were enjoyed February 16 at Taste of PoCo Spirit, a wine tasting by the Port Coquitlam Heritage and Cultural Society.

MARCH 7: We celebrated our official 100th birthday with a sold-out gala reception at City Hall, community celebrations at the rec centres, and the grand opening of the Heritage Centre at Leigh Square.

100 YEARS OF FASHION: Clothing trends from the past century were modeled at Fashion through the Decades shows at Wilson Centre March 28 and 30. Many residents also dressed in period costume at events throughout the year.

MAY DAY AND OTHER CIVIC EVENTS: Special May Day celebrations included a Back in Time promenade to Aggie Park, a tree planting and plaque dedication, and heritage trolley tours. We also added a centennial flair to other annual events such as Canada Day, the Rivers & Trails Festival, the Terry Fox Hometown Run and Christmas in Leigh Square.

HOMECOMING WEEKEND: Past and present residents flocked downtown for "the party of the century" August 16-18, featuring free swimming, outdoor children's and music festivals with headliners Bobs & LoLo and Juno winners Trooper, rides on a CP Rail vintage train, and the Port Coquitlam Business Improvement Association's Downtown Car Show.

OUR CITY AT WORK: This September 21 event showcased the City's services with interactive displays, demonstrations, entertainment and more.

BLOCK PARTIES: More than 25 neighbourhoods joined in the centennial block party program, receiving celebration kits with balloons, swag and games.

WRAP-UP: Our year of celebration ended December 16, when the CP Rail Holiday Train rolled into town for the last stop of its cross-country journey. The event included free skating, live music and the collection of donations for SHARE's holiday food and toy drive.

Message from the Mayor

I am pleased to present our 2013 Annual Report, entitled *Celebrating 100 Years*, on behalf of the City of Port Coquitlam.

Our 100th birthday in 2013 was a time to reflect on how far we've come as a community, and where we are heading. Port Coquitlam's strong sense of community and small-town spirit – or PoCo Pride, as we call it – is something that takes us back to those earlier days, but serves us very well today.

As a city, we encourage our citizens to become engaged in the decisions that affect them, and in the activities that bring us together and build a stronger community. With this in mind, we took our 100th celebrations out into every corner of our community. I doubt there was anyone in Port Coquitlam who didn't know about or get involved in one of our many birthday celebrations throughout 2013.

One of the legacies of our centennial was a phenomenal level of participation – particularly among those who previously did not engage with their city. We're determined to build on that as we move forward. In fact, we've been working on building meaningful engagement and participation for a number of years now, and we're seeing the results of those efforts.

People are involved in our community – in sports, arts and culture, their children's school, and increasingly, their city government and services.

More and more, people realize that when we ask for their input, we mean it. We give the community a variety of ways to participate, from traditional methods like mail to online outreach, and we make sure people are informed of issues that impact them. When a decision affects a certain group or neighbourhood, we do more than just issue them a notice – we reach out to them in a meaningful way. We seek input right at the start to make sure our community's values and priorities are part of each City decision.

In 2013, we celebrated our milestone birthday in style with the entire community. As we look to 2014 and the future, we're excited to leverage that heightened community engagement and PoCo Pride to build an even more livable, vibrant and happy Port Coquitlam.

Greg Moore
Mayor

Message from the Chief Administrative Officer

The City of Port Coquitlam's 100th birthday in 2013 was a great rallying point for both our community and our staff. For most of us at the City, this is more than just a place to punch a clock, and the centennial deepened our pride for Port Coquitlam even further.

One of the highlights of 2013 was Our City at Work in September, which gave the community a behind-the-scenes look at the services we provide and the people who make it all happen. Thanks to the hard work and enthusiasm of our staff, it was a very successful event – and to me, a real demonstration of how our employees feel about the City and what they do.

It's not lip service to say that employee engagement is essential to our ability to do an even better job serving the community.

For more than a year now, we've been looking closely at everything we do to make sure we're making the most of all of our resources – including staff from all levels and areas of our organization. There are many great things happening here at the City, but there is also latent capacity that is waiting to be unleashed.

It's been gratifying to watch the progress unfold as the mantra of continuous improvement spreads throughout the organization. We're seeing more opportunities for staff development, improvements in our service to businesses, and increasing collaboration between staff and departments.

With our centennial celebrations in 2013 we've closed one chapter in the City's history, but the work we're doing now to build our organization is opening an exciting new one.

John Leeburn, MBA
Chief Administrative Officer

For more than a year now, we've been looking closely at everything we do to make sure we're making the most of all of our resources – including staff from all levels and areas of our organization.

Organizational Chart

CITIZENS OF PORT COQUITLAM
(RESIDENTS, PROPERTY OWNERS, BUSINESSES)

CITY COUNCIL

OFFICE OF THE CHIEF ADMINISTRATIVE OFFICER

John Leeburn, BCOM, MBA
Chief Administrative Officer

CORPORATE SUPPORT

Robin Wishart
Director

Divisions: Communications & Administrative Services, Corporate Office, Information Services, Bylaw Services

DEVELOPMENT SERVICES

Laura Lee Richard, MCIP
Director

Divisions: Building, Planning

ENGINEERING & OPERATIONS

Kristen Meersman, P.Eng, MBA
Director

Divisions: Infrastructure Planning & Development, Transportation & Traffic, Engineering Projects, Operations

FINANCE

Karen Grommada, CPA, CMA
Director

Divisions: Revenue & Collections, Accounting Services, Financial Planning & Systems, Payroll Services, Purchasing & Risk Management

FIRE & EMERGENCY SERVICES

Nick Delmonico
Fire Chief/City Emergency Coordinator

Divisions: Administration, Protective Services & Public Education, Fire Suppression, Training, Emergency Program

HUMAN RESOURCES

Steve Traviss, CHRP
Director

Functions: Benefits & Compensation, Occupational Health & Safety, Labour Relations, Recruitment, Training & Development

PARKS & RECREATION

Barry Becker
Director

Divisions: Recreation, Parks & Facilities, Parks Planning & Design

POLICING (RCMP)

Claude Wilcott
Officer-in-Charge

Contracted service

Municipal Auditors

KPMG LLP

Bankers

Toronto Dominion Bank

City Council

Left to right: Cllr. Michael Wright, Cllr. Glenn Pollock, Cllr. Brad West, Mayor Greg Moore, Cllr. Darrell Penner, Cllr. Dean Washington, Cllr. Mike Forrest.

Elected every three years by the citizens of Port Coquitlam, City Council is a legislative body that provides leadership to the City's government.

Port Coquitlam City Council is committed to ensuring the priorities of local citizens guide its policies and decisions on civic matters such as land use and budgets for operations and capital expenditures.

City Council is made up of the Mayor and six Councillors, all of whom are elected for three-year terms. The Mayor chairs the Council meetings and workshop sessions between Council meetings. He is also a member of all Council committees.

Issues requiring a Council decision generally appear first before one of the standing committees of Council. These are the Community Safety Committee, Healthy Community Committee, Finance and Intergovernmental Committee, Smart Growth Committee, and Transportation Solutions & Public Works Committee.

These committee meetings, along with Council's two regular meetings each month, are open to the public. Meeting agendas are available from City Hall or the City's website (www.portcoquitlam.ca/council). Live and archived broadcasts of Council meetings may also be viewed through the same web address.

Community Profile

Port Coquitlam is a community of 57,000 with a strategic location in Metro Vancouver, a healthy base of businesses, new commercial and industrial areas, 271 hectares of parkland including the 25-km Traboulay PoCo Trail, well-established neighbourhoods, and a strong sense of community spirit known as PoCo Pride.

It also has a growing reputation for progressive governance and for its innovative approaches to managing waste, sustainable development and using technology to engage the community.

Since it was incorporated on March 7, 1913, Port Coquitlam has experienced significant growth and has strived to remain relevant to the changing times. At the same time, the City has retained its small-town charm, its authentic historic downtown core, and a tradition of community involvement.

The City strives to balance social, environmental and economic values while fulfilling citizen priorities.

A Livable City

It came as little surprise to Port Coquitlam residents when their community earned national recognition in 2013 for being a livable city. Family-friendly Port Coquitlam was named B.C.'s third most livable city, and 33rd out of 200 in Canada, in *Moneysense* magazine's annual Best Places to Live ranking.

Those who call Port Coquitlam home are well aware of its special qualities, including affordability, an accessible location, parks and trails, family-oriented services, a quaint historic downtown core, and a strong sense of community spirit.

Affordability
The City's housing and land are among the most affordable in the region north of the Fraser River. At the same time, property owners benefit from some of the lowest tax rates in Metro Vancouver.

Location
Port Coquitlam boasts an enviable central location, with easy access thanks to regional bridge and highway improvements and local projects such the Coast Meridian Overpass. It's also easy to get around using the extensive network of trails and bike lanes.

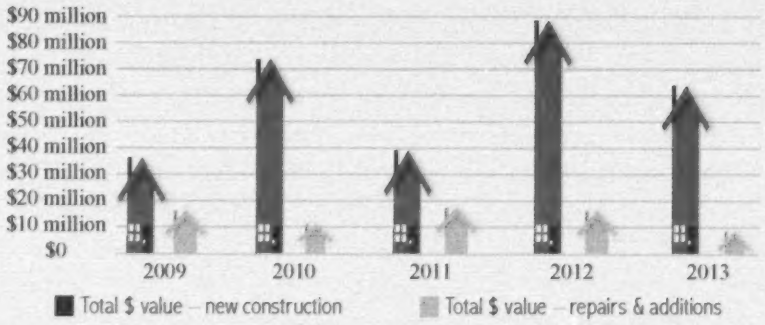
Healthy and active
Port Coquitlam promotes a healthy and active lifestyle with many indoor and outdoor opportunities. Options include recreation centres with pools and arenas, sports fields, outdoor pools, the 25-km Traboulay PoCo Trail and free trailside gym stations.

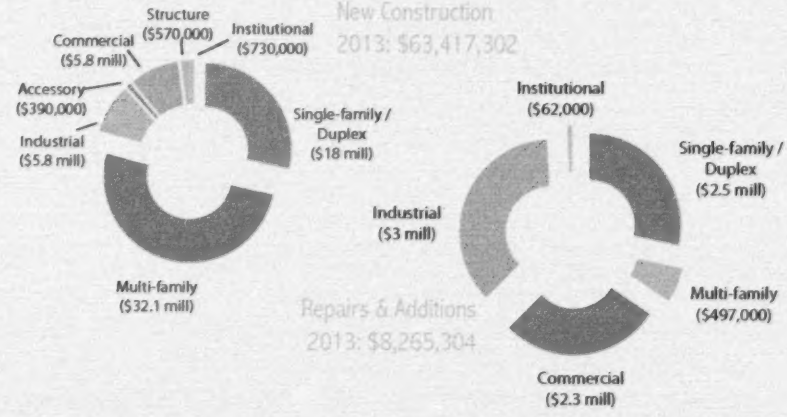
Thriving
The heart of the community is the historic and authentic downtown, which is bustling these days with new business and residential growth, a vibrant cultural scene and a Farmers Market. We're also seeing significant growth in the up-and-coming Dominion Triangle area – bringing an exciting mix of retail, residential, institutional and light industrial developments.

Community Spirit
Port Coquitlam's old-fashioned community spirit is unique in an urban setting. Residents love to celebrate their PoCo Pride at numerous festivals and civic events throughout the year, and volunteer their time to make their community better.

Economic Snapshot

Construction Value





Business Licences

Year	Licences issued
2009	2,629
2010	2,904
2011	3,117
2012	3,204
2013	3,178

Source: Bylaw Services

Top five sectors:

- General
- Home-based
- General contractor (out of town)
- Manufacturing
- Professional person

Population and Dwellings

	Port Coquitlam	BC
Population in 2011	56,342	4,400,057
Population in 2006	52,687	4,113,487
2006 to 2011 population change (%)	6.9	7.0
Total private dwellings 2011	21,533	1,945,365
Total private dwellings 2006	19,689	1,788,474
Population density per sq. km 2011	1,931.3	4.8
Population density per sq. km 2006	1,826.4	4.4
Land area (square km)	29.17	922,509.29

Source: Statistics Canada - 2006 and 2011 Census Note: Census population estimates are not consistent with municipal and regional estimates.

Age Distribution

Ages	Male	Female	% Port Coquitlam	% BC
All	28,295	28,100	100%*	100%*
0-14 years	5,115	4,695	17.4%	15.3%
15-24 years	4,240	3,695	14.1%	13.2%
25-44 years	7,655	7,655	28%	29%
45-64 years	8,680	8,435	30.4%	29%
65+ years	2,605	3,135	10.1%	13.5%

** Percentage distribution based on published totals, both sexes. Source: Statistics Canada - 2011 Census*

Summary Statistics

Source: Statistics Canada - 2006 & 2011 Census

	Port Coquitlam	BC
Population, 2011	56,342	4,400,057
Total population 15 yrs & up	46,540	3,722,690
Never legally married (single)	13,135	1,014,270
Legally married (not separated)	23,835	1,832,605
Separated, still legally married	1,365	102,035
Divorced	2,785	246,515
Widowed	1,890	246,515
Total private dwellings occupied	20,650	1,764,635
Owned dwellings	16,125	1,234,710
Rented dwellings	4,520	524,995
Total no. of census families	15,510	1,238,155
Married-couple families	11,710	887,990
Common-law-couple families	1,765	160,360
Lone-parent families	2,685	189,805
Total private households	20,650	1,764,635
Couple (married or common-law) with children	8,205	431,135
Couple (married or common-law) without children	5,270	532,995
One-person households	4,535	498,925
Other household types	2,640	301,580
Average household size	2.7	2.5
Mother tongue: English only	38,575	3,062,430
Mother tongue: French only	595	57,280
Mother tongue: Other	16,725	1,236,500
Non-immigrants	38,830	3,067,590
Immigrants	16,380	1,191,875
Before 1991	6,689	540,995
1991 to 2000	5,200	305,655
2001 to 2011	4,480	345,220
Non-permanent residents	570	64,995
At same address 1 year ago	45,225	3,665,455
At same address 5 years ago	29,315	2,349,525
Aboriginal identity population	1,790	232,290
Non-aboriginal identity pop.	53,990	4,092,165
Median income*	$28,403	$24,867
Males*	$37,758	$31,598
Females*	$21,407	$19,997
Median income after tax*	$25,679	$22,785
Incidence, low-income*	15.4%	17.3%
Labour force (15+ yrs.)	32,500	2,354,245
Employed	30,280	2,171,465
Participation rate	70.9%	64.6%
Employment rate	66.2%	59.5%
Unemployment rate	6.5%	7.8%
Education (15 yrs. & over)	45,910	3,646,840
No certificate, diploma, degree	6,290	607,655
High school graduate	14,280	1,009,400
Trades certificate	5,050	277,125
College diploma	8,965	488,900
Some university	2,615	155,475
University degree	8,705	805,965

** Source: 2006 Census. (2011 Census data for these items not available at time of publication.) Please note: not all category subsets are listed for space purposes.*

Strategic Direction

The City's policy, operations and financial decisions are guided by Vision 2020, the Corporate Strategic Plan. Adopted in 2011, the plan outlines the community's vision for the future and was built on a foundation of core municipal principles, best practices and public consultation.

VISION 2020
PORT COQUITLAM

Vision 2020 Strategic Outcomes:

- **Sustainable future** – Financial health, environmental health, social health and sustainable services
- **Sense of community** – Community spirit, community inclusiveness/diversity and community health
- **Economic strength** – Business strength, employment, access/transportation and agricultural land
- **Community well-being** – Community safety, parks/natural areas, waste management and utility services
- **Strategic service delivery** – Staff productivity/effectiveness, transparency/public confidence and healthy work environment

MISSION OF VISION 2020:

Port Coquitlam is a happy, vibrant, safe community of healthy engaged residents and thriving businesses supported by sustainable resources and services.

Council Priorities

Council also sets priorities each year that guide the budget and delivery of City service. In 2013, Council directed staff to focus on three priorities that grew from Vision 2020.

Targeting a few priorities at a time enable the City to meet its goals more effectively.

1. Focus on organizational development, employee engagement and improved customer service.
2. Maximize the life of infrastructure assets (e.g. roads and buildings) and save for their replacement.
3. Plan for the Community Recreation Complex Project.

STRATEGIC OUTCOME:

Sustainable Future

- FINANCIAL HEALTH
- ENVIRONMENTAL HEALTH
- SOCIAL HEALTH
- SUSTAINABLE SERVICES

2013 Performance Measures

- Implemented first phase of new Agresso financial management system.
- Introduced new green building policies and regulations to encourage environmentally friendly development.
- Continued to offset high disposal fees by encouraging the community to divert waste away from the landfill.
- Investigated opportunities for revenue generation and efficiencies on a department-by-department basis.
- Amended the Official Community Plan to include a new Regional Context Statement in compliance with the Metro Vancouver Regional Growth Strategy.
- Received the City's 16th Government Finance Officer Association's Distinguished Budget Presentation Award and eighth Award for Financing Reporting.

Goals for 2014

- Engage community to share their ideas and provide input into all aspects of the Community Recreation Complex planning project, and complete a land use and conceptual plan for Council consideration by fall.
- Initiate a comprehensive review to update the Official Community Plan.
- Implement the MyPortCoquitlam online bill and licence management system.
- Develop an Information Services strategic plan.

Related Council Priorities

Maximize the life of infrastructure assets (e.g. roads and buildings) and save for their replacement.

- Set aside 1% of taxes for future infrastructure replacement.
- Updated the City-wide Facility Life Cycle Program.
- Completed the annual resurfacing of roads and upgrades to underground utilities to extend lifespan.

Plan for the Community Recreation Complex Project.

- Began to consider future uses of 15 acres of City-owned downtown land.
- Completed site analysis and facility assessment, developed land use options and preliminary costing.
- Formed advisory group with stakeholder representatives.
- Defined project scope and vision.
- Developed a plan for extensive public consultation in 2014.

STRATEGIC OUTCOME:

Sense of Community

- COMMUNITY SPIRIT
- COMMUNITY INCLUSIVENESS/DIVERSITY
- COMMUNITY HEALTH

2013 Performance Measures

- Engaged the community and worked with the Spirit Committee and partners to hold a year of events and activities celebrating the City's 100th birthday in March 2013.
- Recognized as the third most livable city in BC and 33rd out of 200 across Canada in Moneysense magazine's Best Places to Live ranking.
- Conducted a Faces of Port Coquitlam contest to illustrate the community's diversity in the 2014 City calendar.
- Continued to build community capacity by developing or promoting initiatives such as the Block Party Program, Adopt-a-SPOT (street, park or trail) Program, an anti-bullying campaign and the Meridian Village neighbourhood engagement program.
- Worked with School District #43 to offer and enhance after-school recreational offerings for students.
- Recognized local volunteers with a special 100th birthday version of the annual awards program and tribute evening.

Goals for 2014

- Build on the partnerships and relationships developed during the 2013 centennial celebrations to improve delivery of services, events and festivals.
- Review and update the City's Cultural Policy and Plan.
- Support the Spirit Committee in planning and implementing spirit-building initiatives.
- Evaluate and optimize adult and senior recreational programming for the efficient use of Wilson Centre and expansion community-wide.

STRATEGIC OUTCOME:

Economic Strength

- BUSINESS STRENGTH
- EMPLOYMENT
- ACCESS/TRANSPORTATION
- AGRICULTURAL LAND

2013 Performance Measures

- Adopted a new Master Transportation Plan to guide the future road, cycling, pedestrian and transit network.
- Initiated a City-owned bus shelter program to encourage transit use.
- Launched the well-received Port Coquitlam Best Biz Awards to recognize and promote local business.
- Began implementing the Council-approved recommendations from the Mayor's Task Force on Business Development Opportunities, including streamlining application processes, developing new website and printed resources, and amending permitted uses and regulations in commercial and industrial zones.
- Issued building and development permits in a timely fashion for projects with a combined permit value of more than $72 million.

Goals for 2014

- Explore feasibility of a new pedestrian and cyclist route at Shaughnessy Street under the CP Rail tracks.
- Continue to implement business-friendly processes and the Best Biz Awards.
- Publish a new Biz Info Guide and launch a new website hub for all business and development information.
- Investigate the land use implications of the planned Evergreen Line rapid transit extension.
- Review the City's purchasing policy and practices, including examining how to provide opportunities to local businesses.

STRATEGIC OUTCOME:

Community Well-being

- COMMUNITY SAFETY
- PARKS/NATURAL AREAS
- WASTE MANAGEMENT
- UTILITY SERVICES

2013 Performance Measures

- Improved community safety by adding six firefighters and two police officers.
- Introduced a Fire & Emergency Services medic truck, enabling faster response to medical calls.
- Introduced a specialized RCMP Investigative Services Team to improve quality and efficiency of investigations.
- Carried out follow-up bylaw inspections to known medical marijuana grow houses to ensure health and safety risks were addressed.
- Began extensive renovation of Lions Park and the municipal cemetery.
- Adopted Metro Vancouver's first formal policy to make City playgrounds accessible to people of all abilities.
- Diverted 63.3% of all waste from the landfill with initiatives such as a Biggest Waste Loser contest, offsetting rising disposal fees and enabling a zero increase to the solid waste levy.
- Completed a watermain flushing program on the south side of the community to maintain water quality.
- Initiated trail connection upgrades at Maple and Marpole Streets to create a pedestrian node for improved safety and accessibility.

Goals for 2014

- Develop a crisis communications plan for internal and external communications during disasters.
- Address health and safety risks from expired medical marijuana grow sites.
- Promote proper waste-sorting with the introduction of the new Multi Material BC recycling program.
- Complete the new internal pathways and playground renovations at Lions Park.

STRATEGIC OUTCOME:

Strategic Service Delivery

- STAFF PRODUCTIVITY/EFFECTIVENESS
- TRANSPARENCY/PUBLIC CONFIDENCE
- HEALTHY WORK ENVIRONMENT

2013 Performance Measures

- Introduced Council meeting webcasts to provide another opportunity for the public to engage with their civic government.
- Successfully completed collective bargaining with IAFF (firefighters) and CUPE (City staff) unions.
- Completed a Strategic Communications Plan to improve how the City communicates with residents and stakeholders.
- Continued to expand social media outreach.
- Developed user-friendly new City Info Guide and Budget Highlights booklets to provide in-depth information to citizens about City services and budgeting.
- Maintained the Certificate of Recognition from the BC Municipal Safety Association that recognizes City employee health and safety programs and brings a savings in WorkSafeBC fees.
- Expanded the RCMP social media strategy, resulting in increased traffic to the RCMP website, followers and re-tweets.

Goals for 2014

- Plan, conduct and seek ways to improve engagement in the civic election.
- Continue to schedule Continuous Improvement Assessments of all City services and processes.
- Complete City-wide staff training and development program.
- Update content on City website.

Related Council Priorities

Focus on organizational development, employee engagement and improved customer service.

- Implemented Continuous Improvement Assessments of City services and processes to seek opportunities for greater efficiency and effectiveness.
- Implemented a new intranet site, The Junction, to improve information-sharing, relationships and communication between staff.
- Conducted a survey of all employees on service-improvement opportunities.
- Began development of a City-wide staff training and development program.

Letter of Transmittal

CITY OF PORT COQUITLAM

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LETTER OF TRANSMITTAL

May 13, 2014

Mayor and Council
City of Port Coquitlam

The City celebrated its 100th birthday in 2013, and it was fitting that 2013 was also a time of reflection, building our organization and planning for the future. As an organization, we took a close look at how we could improve our work and our services while providing value to the taxpayer, and began to initiate programs to ensure employee engagement and continued improvement. We also looked to the future with several large-scale planning processes, including the adoption of a Master Transportation Plan and planning for a new Community Recreation Complex to replace the aging recreation facilities in our downtown. At the same time, we continued to dedicate funds to our long-term reserves to address the infrastructure gap.

The City's work is guided by the Vision 2020 Corporate Strategic Plan, developed in 2011 and built on a foundation of core municipal service delivery principles and concepts, layered with industry best practices and community priorities. Council also sets annual priorities that are based on this plan.

The finances of the City take direction from Vision 2020 and annual Council priorities and remain consistent with prior years, while reserve levels improve to support sustainable service delivery.

It is my pleasure to present to you the City's Financial Statements and Annual Report for the fiscal year ending December 31, 2013. The purpose of this report is to publish an Annual Report pursuant to Section 98 of the Community Charter.

Preparation and presentation of the Financial Statements (Statements) and related information in the 2013 Annual Report is the responsibility of the City. The Statements were prepared in accordance with Canadian Public Sector Accounting Standards.

The City maintains a system of internal controls designed to safeguard assets of the corporation and to provide reliable financial information. Expenditures and revenues are analyzed daily by departments and finance staff and quarterly through variance reports.

City Council ensures management fulfills its responsibilities for financial reporting, budgeting, and internal controls and exercises its responsibility through approval of bylaws and policies at Council; a review of variance reports and financial statements at the Finance and Intergovernmental (FIG) Committee meetings and discussions with the City's auditors in a Closed FIG Committee meeting.

The audit firm of KPMG LLP, appointed by Council, has expressed its opinion that the Statements prepared by management fairly present the financial position of the City, as at December 31, 2013, and the results of 2013 operations in accordance with Canadian Public Sector Accounting Standards.

MUNICIPAL OVERVIEW

The City provides a complete range of municipal services to local residents and businesses. Services include police, fire, water, sewer, transportation, planning, recreation and other programs benefitting the community.

Where possible, services are cost-shared with other municipalities for cost-effective service delivery, including emergency communications, fire dispatch, and police services.

The City depends on the Greater Vancouver Water District for the supply of water, the Greater Vancouver Regional District for the disposal of sewage, and Metro Vancouver for the co-ordination of common services with other municipalities.

FINANCIAL OVERVIEW

The City has taken a long-term approach to its finances for a sustainable future. This approach requires setting sufficient funds aside for replacement of assets consumed in the year as well as addressing the gap created from underfunding in prior years. As with many cities in the world, minimal funds were set aside in the past for the eventual replacement of our assets as they reach the end of their useful lives. The approach taken by the City will take time to implement and will build our reserves to address upcoming funding pressures for infrastructure in the next few decades.

Positive steps have been taken to address these future challenges. As shown in Note 14 - Restricted Reserves, funds are slowly collecting in long-term reserves to address the infrastructure gap.

The Annual Report's Financial Statement Discussion and Analysis section reports to stakeholders how the financial resources entrusted to the City are being managed to provide municipal services and infrastructure. Annual operations have remained constant in the year. Fire and emergency services, police protection, water supply, sewer discharge, development, recreation, parks, culture and other primary and support services were delivered to the residents and businesses in the City consistent with prior years, with minor adjustments for a change in demand and market conditions. 2013 capital expenditures were comparable to those in 2012.

The City continues to see growth and development, in both established parts of the community and new growth areas such as the Dominion Triangle. In 2013, the City issued building permits for projects with a total value of $71.68 million – the second highest value of the past five years, which averaged $73.97 million. Interest rates remain low and continue to affect City investment decisions and returns. As we look to the future, the challenge ahead is to continue to save for future infrastructure replacement, while keeping taxes sustainable and funding a new Community Recreation Complex.

Letter of Transmittal

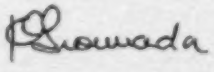
CONCLUSION

City services provide the community with a quality of life that includes safety and protection, supply of essential services, a sense of community and economic sustainability. A long-term approach to the City's finances will ensure these services will be available to the community in the years to come. The City's Corporate Strategic Plan supports sustainability and effective service delivery.

In addition, following Public Sector Accounting Board recommendations to quantify the long-term financial needs of the City, and taking steps to fund these needs in the City's reserves, has been an important step for the City in its goal to reach sustainability of city finances.

Balancing affordability for the community today and tomorrow will continue to be our financial challenge. The annual financial statements will monitor our progress.

Respectfully,



Karen Grommada, CMA, CPA
Director of Finance

During the annual May Day Festival, Council took part in a tree-planting and plaque dedication ceremony at Aggie Park, close to where a similar event took place in 1913 to celebrate the City of Port Coquitlam's incorporation.

CITY OF PORT COQUITLAM

CELEBRATING 100 YEARS

Department Overviews

Office of the Chief Administrative Officer

The Chief Administrative Officer (CAO) assists Council in establishing and implementing the City's vision, plans and priorities by ensuring effective policies (including financial policies) are in place and adhered to, and by providing leadership that enables an engaged and productive municipal workforce.

In addition to implementing Council direction, the CAO advances continuous improvement efforts, encouraging the organization to achieve and excel.

2013 Highlights

- Led the organization's identification and achievement of continuous improvement goals.
- Reviewed the business plan development process and made recommendations for improvement.
- Surveyed employees to gather input and help identify priorities for service improvements.
- Reorganized the departmental structure and Corporate Management Team that leads the organization.
- Supported Human Resources in succession planning and knowledge transfer efforts, and in defining/promoting the organization's leadership expectations and desired culture.

Corporate Support

Corporate Support brings together services and functions that support the organization as a whole.

Bylaw Services

- Maintains a safe, healthy, livable community.
- Responsible for bylaw enforcement leadership and strategy.
- Manages bylaw enforcement, business licenses, animal control, vector control, community policing administration and related services.

Communications & Administrative Services

- Responsible for all internal and external City communications, including public relations (marketing and promotions, publications, etc.), stakeholder relations, media relations, online asset management (website, social media, e-newsletter, intranet), crisis and issues management, and graphic standards.
- Manages reception services at City Hall.
- Provides administrative support to the Office of the Chief Administrative Officer, Mayor and Council.

Corporate Office

- Supports and manages the Council meeting process and supports standing committees.
- Manages and maintains City bylaws and corporate records.

- Manages access to City information and related privacy issues.
- Manages City land holdings, civic elections, Board of Variance and Joint Family Court Committee.

Information Services

- Responsible for the City's Information Services leadership and strategy.
- Supports and maintains network systems, operational software, backup and security, personal computers, e-mail, internet, telephone and other software and hardware services.

2013 Highlights

- Implemented Council meeting webcasts and upgraded Council chamber audio-visuals.
- Helped engage the community in the City's year-long 100th birthday celebration.
- Refreshed the City website and produced a new City Info Guide and other user-friendly materials.
- Began introducing new Agresso financial system.
- Introduced an intranet site to improve internal communications.
- Consolidated six web servers onto two big computers.
- Increased City business and dog licensing revenues.
- Comprehensively reviewed bylaw enforcement policies for strategic enforcement.

Stats & Facts

- Website visits: 464,645
- Total Facebook/Twitter followers: 7,086
- Media release pickup rate: 90%
- Freedom of Information requests: 60
- Bylaws processed: 45
- IS customer support requests: 2,849
- PCs replaced: 45 (17%)
- Business licences issued: 3,150
- Dog licences issued: 5,800

Development Services

Development Services ensures orderly and safe development within the City. Its administration directs the activities of the Department, strategically manages development processes, provides advice on sustainable land use and development polices / regulations, and guides decisions related to City land sales / acquisitions.

Planning Division

- Processes land use applications.
- Develops planning and social planning policies and land-use regulations.
- Reviews business, signage, liquor licence, subdivision, and watercourse applications.
- Economic development – maintains statistics, liaises with business organizations and promotes strengthening of commercial, industrial and agricultural businesses and land use.
- Social planning – addresses housing needs, homelessness issues and the special requirements of children, seniors, and persons with disabilities.
- Heritage planning – develops policy, maintains heritage information, and liaises with the Port Coquitlam Heritage and Cultural Society.

Building Division

- Reviews permit applications and conducts inspections.
- Communicates regulations and practices to meet building public safety, health, energy reduction, water efficiency and accessibility requirements.
- Reviews business licence and land use applications; enforces land use regulations.
- Plumbing Section – reviews plans, conducts plumbing inspections, and inspects and enforces cross-connection, grease and oil interceptor regulations.

2013 Highlights

- Updated policies and regulations to promote environmentally-friendly development.
- Implemented recommendations of the Mayor's Task Force on Business Development Opportunities, including a new business celebration event and awards program, enhanced communication materials and regulatory changes.
- Took a lead role in the Community Recreation Complex planning process.
- Amended the Official Community Plan with a new Regional Context Statement.
- Issued building permits and monitored construction of two five-storey wood-frame apartment buildings.
- Completed 2012 BC Building and Plumbing Code training for all inspection staff.

Stats & Facts

- Value of building/development permits: $72 million
- Applications processed: 64
- New residential units: 360
- New commercial space: 48,000 sq ft
- New industrial space: 171,000 sq ft

Engineering & Operations

The Engineering & Operations Department provides and maintains a number of essential municipal services and infrastructure.

Reporting though the Transportation Solutions & Public Works Committee, the Department is responsible for:

- Distribution of safe reliable drinking water for public and economic health,
- Reliable and cost-effective collection of sewage in a manner that protects public health and the environment,
- Safe transportation networks for people and goods movement,
- Reliable flood protection and drainage services,
- Environmentally responsible solid waste collection,
- Management of fleets,
- Accurate City land and asset management data and mapping, and
- Capital construction and projects that support the development, rehabilitation and expansion of the infrastructure.

Divisions

- **Infrastructure Planning and Development, and Customer Services Division** – infrastructure planning and development (including land development engineering)

- **Transportation & Traffic Division**
- **Engineering Projects, Mapping & Budgets Division** – Projects and Budgets section and Mapping (GIS) section
- **Operations Division** – Public Works section (Roads and Drainage, Construction), Solid Waste, Fleet, Trades section, and Utilities

2013 Highlights

- Introduced a new Master Transportation Plan.
- Initiated a City-owned bus shelter program.
- Hosted the Our City at Work centennial celebration at the Operations Centre.
- Replaced five automated garbage trucks.
- Conducted a successful Biggest Waste Loser contest with sponsored prizes.
- Completed seven water main replacements.
- Introduced trenchless technology for installing new water services.
- Launched PoCoMAP 2013 with a new base map and enhanced features, along with PoCoMAP Mobile.
- Flushed and videoed 23 kilometres of sanitary and storm main

Stats & Facts

- Public requests and inquiries: 4,527
- PoCoMAP visits: 19,200
- Collection of garbage, recycling, food scraps/yard trimmings: 10,684 households
- Multi-family recycling collection: 4,528 units
- Waste diverted from landfill: 63.3%
- Water supplied: 9.16 million cubic metres
- Capital projects: 36 projects and $5.35 million in expenditures

Finance

The Finance Department provides financial services to citizens, City departments and City Council. The department also supports the other City departments with the safeguarding and administration of the City's $700 million of assets and $90 million of annual operating costs.

Finance is comprised of five divisons:

Revenue & Collections

- Taxation, billings and revenue collections
- Investment management

Accounting Services

- Accounts payable
- Financial reporting

Financial Planning & Systems

- Budgets
- Financial system implementation

Payroll Services

- Payroll

Purchasing & Risk Management

- Purchasing, inventory and stores
- Risk management

2013 Highlights

- Prepared the draft 2014-2018 Financial Plan for Council's consideration.
- Reduced staff records management time by 50% by introducing a new process for cash receipts.
- Began introduction of MyPortCoquitlam, providing customers with 24/7 online access to billing and licensing information.
- Ensured the City's budget and annual report continued to qualify for Government Finance Officer Association awards; received the Distinguished Budget Presentation Award for the 16th year and Award for Financing Reporting for the eighth year.

Stats & Facts

- Annual budget: $91 million
- Billing and collection value: $70 million
- Tax customers: 19,865

Fire & Emergency Services

Port Coquitlam Fire & Emergency Services provides for the preservation of life, property and the environment in Port Coquitlam. Our commitment is to provide prompt, safe and efficient service to all citizens and visitors.

The role of the Department has expanded over the years to ensure we meet the growing needs of our community. We not only respond to fires, but to many types of rescue and emergency situations, medical emergencies and environmental disasters.

The Department is comprised of five divisions.

Administration

- Plans, organizes and directs all other divisions.
- Coordinates all matters related to staffing, human resources and budgets.

Protective Services & Public Education

- Provides life safety and fire protection services.
- Conducts fire investigations and public education programs.

Fire Suppression

- Coordinates all emergency response activities
- Ensures the operation and maintenance of all equipment and facilities.

Training

- Coordination of all departmental training, both internal and external.
- Ensures training, certificates and operational standards are met.

Emergency Program (EP)

- Develops and implements the City's Operational Emergency Response Plan.
- Delivers public EP courses, awareness sessions and volunteer activities.

2013 Highlights

- Restructured operational response plan and introduced a smaller medic response unit.
- Introduced mobile fire inspections to improve efficiency and reduce paper use.
- Updated recruitment guidelines to reflect current practices and diversity expectations.
- Restructured the fleet capital plan to ensure sustainability.
- Updated the Flood & Evacuation Response Plan and the City Response Plan.

Stats & Facts

- Total calls: 3,484
- Total fires: 159
- Hazardous materials calls: 62
- Medical calls: 1,778
- Motor vehicle accidents: 282
- Public service/assist: 156
- Fire bylaw inspections: 2,630
- Emergency preparedness courses: 615 attendees
- Volunteer hours: 1,800

Human Resources

Human Resources is responsible for championing City-wide initiatives that build on a positive and engaging organizational culture. By having a positive culture, employees are in the best position to provide excellent support and service to our citizens and the business community.

The Department supports both internal and external customers by providing specialized advice and assistance in all facets of people management, including:

- Recruitment,
- Labour relations,
- Occupational health and safety,
- Staff training and development,
- Benefit, wage and salary administration, and
- Many other areas that involve existing and prospective City employees.

2013 Highlights

- Restructured the department to align with the City's strategic priorities.
- Improved the corporate management leadership team's effectiveness.
- Created a City-wide staff training and development strategic focus.
- Co-sponsored the Our City at Work centennial event showcasing City services.
- Completed collective bargaining with IAFF (firefighters) and CUPE (City staff).
- Achieved the Certificate of Recognition for occupational health and safety excellence, resulting in a $46,000 WorkSafe BC rebate.
- Introduced exit interviews for departing staff.
- Hosted a regional workshop on continuous improvement, audits and internal rigour.

Stats & Facts

- External hires: 70
- Internal appointments: 53
- Total number of employees: 571
  Full-time: 287, part-time: 78, casual: 206
- Average employee age: 38 years old
  Casuals: 27, part-time: 34, full-time: 47, fire: 39, non-suppression: 40, exempt (non-union): 49
- Average length of service: 9.4 years

Parks & Recreation

Parks & Recreation contributes to the quality of life and personal wellness of the community by providing a variety of programs, services and facilities. It also oversees the Terry Fox Library.

The Department includes three divisions and a Centralized Services section that provides:

- Overall support on department-wide functions.
- Planning and coordination of department resources, including business planning and budgets.

Recreation Services Division

- Operates Hyde Creek Recreation Centre, Leigh Square Community Arts Village, Port Coquitlam Recreation Complex, Wilson Centre, Terry Fox Library, outdoor and learner pools, outdoor gym and youth skate/bike parks.
- Provides programming in aquatics, skating, sports and fitness, active living, arts and culture, and general programming for children, youth, adults and seniors of all abilities.
- Coordinates volunteer program and civic events.
- Supports Emergency Social Services.
- Manages leasehold contracts (e.g. physiotherapy, retail, massage therapy and food services).
- Administers facility/parks bookings and cash management.

Parks and Services Division

- Responsible for parks, trails, athletic fields, playgrounds, ornamental and urban forestry areas and cemetery operations, along with support of civic events.
- Responsible for the City's Facilities Life Cycle and Energy Management programs, the Department's Asset Management Program, and providing support to other departments to assist in the operation and repair of their facilities.
- Coordinates designated renovation and construction projects.

Parks Planning & Design Division

- Plans and designs the open space systems and manages implementation of larger park projects.
- Coordinates the Department's capital program, parkland acquisition and environmental considerations related to parks.

2013 Highlights

- Helped plan and deliver the City's year-long 100th birthday celebrations.
- Developed accessibility information kits for Leisure Buddy Program.
- Redesigned and improved Hyde Creek Recreation Centre's customer service area.
- Updated the City-wide Facility Life Cycle Program.
- Began renovations to Lions Park and renovated the Cedar, Evergreen and Gates Park ball fields.
- Built community capacity with the Block Party Program, Adopt-a-SPOT (street, park or trail) and a neighbourhood mentorship program.
- Inventoried invasive species City-wide and implemented best management practices.

Stats & Facts

- Trees planted: 90
- Courses: 5,645
- Program registrations: 29,585
  - Online: 8,454
- Program hours: 26,931
- Drop-in participation: 435,790
- Library items borrowed: 375,196
- Library visits: 187,568
- New library cards issued: 4,980

Police Services (RCMP)

The Coquitlam RCMP team serves a jurisdiction that includes the communities of Anmore, Belcarra, Coquitlam and Port Coquitlam — a permanent resident population of more than 190,000 people that is augmented by thousands of visitors every day.

In 2013, the Coquitlam RCMP consisted of 216 police officers, 98.69 FTE civilian staff and thousands of volunteers in programs like Auxiliary Constables, Block Watch, Crime Watch, Community Police Stations, Speed Watch and Victim Services, all working under the direction of an integrated leadership team of RCMP and civilian managers.

Services include:

- 24/7 response to calls,
- Criminal investigations,
- Crime prevention and crime reduction initiatives,

- Community education and outreach, and
- Specialized regional teams such as the Integrated Forensic Identification Services, Integrated Police Dog Service, and Integrated Collision Analysis and Reconstruction Service.

Stats & Facts

Crime Types	2012 totals	2013 totals	% change
Person Crimes			
Abduction	2	1	-50%
Assault	733	697	-5%
Attempted Murder	2	0	-100%
Murder *(1st & 2nd degree)*	0	3	100%
[1] Robbery *(w/weapon/to steal firearm)*	94	78	-17%
[1] Robbery *(other)*	57	42	-26%
Sexual Offences	68	62	-9%
Property Crimes			
Arson	60	41	-32%
[1] Break & enter *(bus.)*	455	491	8%
[1] Break & enter *(other)*	145	168	16%
[1] Break & enter *(res.)*	606	552	-9%
[1] Fraud	452	449	-1%
Mischief	1,500	1,552	3%
Possession of stolen property	123	160	30%
Theft *(other)*	1,095	1,222	12%
[1] Theft of vehicle	412	378	-8%
[1] Theft from vehicle	2,073	2,045	-1%

Crime Types	2012 totals	2013 totals	% change
Drugs			
Cocaine *(possession)*	81	85	5%
Marijuana grow operation	1	2	100%
Heroin *(possession)*	40	35	-13%
Methamphetamine *(possession)*	46	67	46%
Cocaine *(traffic)*	58	56	-3%
Heroin *(traffic)*	22	30	36%
Methamphetamine *(traffic)*	8	11	38%
Traffic			
Collision (fatal)	4	7	75%
Collision *(injury/non-fatal)*	443	402	-9%
Collision *(property damage)*	908	858	-6%
Dangerous Operation	10	10	0%
[1] Impaired Operation	235	213	-9%
Prohibited Driver	98	96	-2%
[2] Roadside Prohibitions	168	187	11%
[2] Immediate Roadside Prohibitions	228	257	13%
Other			
[1] Breach (bail/probation)	350	327	-7%

Data Notes and Qualifiers:

Statistics are for the Coquitlam jurisdiction (Coquitlam, Port Coquitlam, Anmore and Belcarra).

[1] 2012 & 2013 Crime Reduction Strategy signal crimes/statistics.

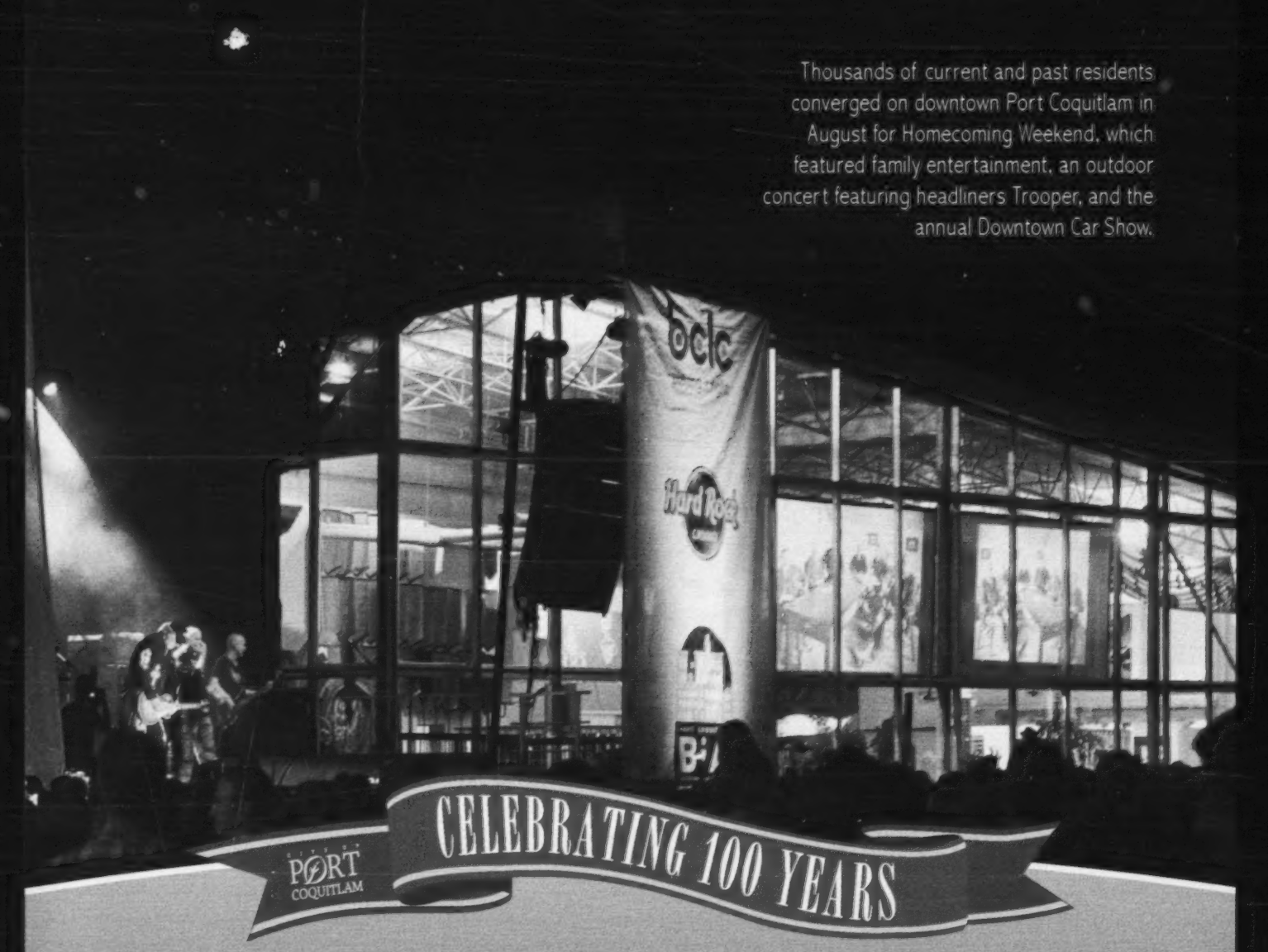
[2] The provincial government's Immediate Roadside Prohibition (IRP) legislation came into effect September 21, 2010 and was enforced until a judicial ruling on November 30, 2011. The ruling found some portions of the IRP prohibitions violated the *Canadian Charter of Rights and Freedoms* and police were directed to revert to the use of impaired driving sanctions in the *Criminal Code*, coupled with the use of the Administrative Drivin Prohibition. Subsequently, the portions of the IRP legislation that were suspended were brought back into force on June 15, 2012.

[3] Impaired Operation: impaired by alcohol and/or drugs.

Data was extracted 2014-03-17. In cases of discrepancy with previous/subsequent data, the most current data will take precedence.

Criminal Code offence data was compiled using select PRIME BC files and is not comprehensive. Homicide statistics are based on data supplied by the Lower Mainland Integrated Homicide Investigation Team (IHIT). All data is preliminary and subject to change based on investigational factors and records data quality processes. Data was collected using "most serious offence" scoring consistent with Statistics Canada and the BC Justice Ministry (Police Services Division) data collection practices.

Fraud (debit/credit card), Fraud (identity) and **Theft (identity)** were combined into one fraud category due to the expiry of 7 UCR fraud codes on 2011-12-31. **Collision** data is not complete as it only includes files where police attended and not all files reported to the Insurance Corporation of British Columbia.



Thousands of current and past residents converged on downtown Port Coquitlam in August for Homecoming Weekend, which featured family entertainment, an outdoor concert featuring headliners Trooper, and the annual Downtown Car Show.

Financial Section

Financial Statement Discussion & Analysis

The City of Port Coquitlam's (the City) Management is responsible for preparing the following financial statement discussion and analysis (FSD&A). The FSD&A reports on the City's consolidated results and financial position for the year ended December 31, 2013 and should be read in conjunction with the Audited Consolidated Financial Statements and related notes of the City for the year ended December 31, 2013.

The FSD&A reports to stakeholders how the financial resources entrusted to the City are being managed to provide municipal services and infrastructure. The FSD&A explains significant[1] differences in the financial statements between the reported year and the previous year as well as between budgeted and actual results.

1. Financial Highlights

- Revenues decreased to $94 million, down by $5.4 million from $99.4 million in 2012 due primarily to a decrease in developer contributed tangible capital assets, offset by increases to other revenue sources.
- Operating expenses were consistent with 2012 (2013 - $80.3 million, 2012 - $80 million).
- Annual surplus for the year ended December 31, 2013 was $ 13.6 million representing a $5.6 million decrease in annual surplus from the prior year (2012 - $19.5 million). Of the $13.6 million annual surplus in 2013:
  - $2.5 million went to general surplus;
  - $1.7 million went to water surplus;
  - $618 thousand went to sewer surplus;
  - $7.6 million went to restricted reserves;
  - The remaining $1.1 million representing the overall net change in tangible capital assets and reduction in debt.
- Capital expenditures were comparable to 2012 with the City investing $9.9 million (2012 $9.7 million) towards the addition/replacement of tangible capital assets. Of this $9.9 million:
  - $4.1 million was spent on transportation infrastructure
  - $2.8 million was used to acquire vehicles and equipment
  - $1.4 million was spent on parks infrastructure
  - $800 thousand went towards improving or replacing water infrastructure
  - The remaining $800 thousand was spent on buildings, sewer infrastructure, drainage infrastructure and land.
- Net financial assets increased by $12.6 million due to a $14.4 million increase in investments offset by a $1.5 million decrease to accounts receivable and a $900 thousand increase in liabilities.

1 Significant differences are those where the difference when comparing budget to actual results or current year to prior year is greater than 8% or $350,000.

2. Consolidated Statement of Operations Analysis

Revenue by Source

In 2013, of the City's $94.0 million of revenue, $55.9 million, or 59%, comes from property tax. Property taxes represent a stable and predictable source of funds and, for this reason, are the preferred primary source of revenue for many municipalities

"The City derives the majority of its revenues (59%) from property taxation."

At $18.5 million, or 20%, utility charges are the next largest source of revenues. Utility charges are used exclusively to fund the water and sewer utilities.

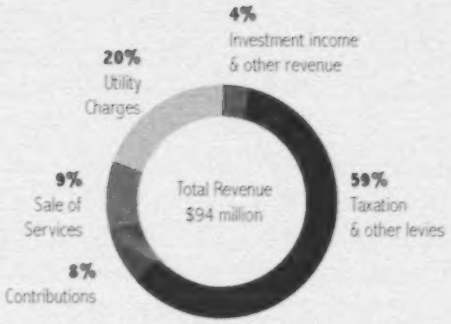


Figure 1: Revenue by source

Consolidated Revenue – Comparison to 2012

Figure 2: Revenue Comparison 2013 vs. 2012

	2013 Actual	2012 Actual	Change from 2012	% Change
Taxation and other levies	$55,897,126	$53,223,045	$2,674,081	5.0%
Utility charges	18,465,923	17,142,437	1,323,486	7.7%
Sale of services	8,845,104	9,291,771	(446,667)	-4.8%
Contributions	7,377,170	16,343,520	(8,966,350)	-54.9%
Investment income	1,811,443	1,599,460	211,983	13.3%
Other revenue	1,619,730	1,860,320	(240,590)	-12.9%
Total Revenues	$94,016,496	$99,460,553	$(5,444,057)	-5.5%

Taxation and Other Levies

Taxation and other levies were $2.6 million (5.0%) higher than 2012 due to $1.2 million in new growth/development and $1.4 million as a result of rate increases.

Utility Charges

Utility charges were $1.3 million (7.7%) higher than 2012 due to $800 thousand from an increase in water and sewer rates and $500 thousand from an increase to the number of units connected & an increase in the volume of water consumed by industrial and commercial properties.

Sale of Services

Sales of services revenue was $446 thousand (-4.8%) lower than 2012 due to a $188 thousand decrease in building permit revenues as a result of less development activity, a $144 thousand decrease in revenues generated from city construction activities [2], a $75 thousand decrease in revenues from sale of recyclables, and a $60 thousand decrease in development permit revenues due to less development activity.[2]

2 Construction activities refer to projects such as utility connections and cap-offs.

Contributions

Contribution revenue decreased by $8.9 million (-54.9%) to $7.3 million compared to $16.3 million in 2012. The change is primarily the result of less developer contributed tangible capital assets ($4.1 million as compared to $8.6 million in 2012); $1.5 million in one-time grant funding for the Broadway Street transportation project recognized in 2012, whereas there were no capital grants of comparable size in 2013; and less traffic fine sharing revenue ($431 thousand as compared to $882 thousand in 2012). Additionally, 2012 included a change in how cash contributions in lieu of parkland are accounted for resulting in a one-time increase of $700 thousand to contribution revenue.

Investment Income

Investment income increased by $212 thousand (13.3%) to $1.9 million compared to $1.6 million in 2012. The increase in investments is a result of increased cash flow due to fewer capital expenditures than planned and additional reserve contributions from land sales. Cash flow was converted to investments in order to earn a higher rate of return.

Other Revenues

Other revenues decreased by $240 thousand (-12.9%) due to a $318 thousand decrease in engineering inspection fees as a result of less development activity and a $242 thousand decrease in revenues generated from the sale of small equipment and furniture. This decrease is offset by a one-time increase of $273 thousand in HST rebates a result of an HST re-assessment.

Consolidated Revenue – Comparison to Budget

Figure 3: Revenue Comparison 2013 vs. Budget

	2013 Budget	2013 Actual	Variance [Fav / (Unfav.)]	% Variance
Taxation and other levies	$56,147,519	$55,897,126	$(250,393)	-0.4%
Utility charges	17,838,642	18,465,923	627,281	3.4%
Sale of services	8,674,300	8,845,104	170,804	1.9%
Contributions	6,472,640	7,377,170	904,530	12.3%
Investment income	673,000	1,811,443	1,138,443	62.8%
Other revenue	1,517,760	1,619,730	101,970	6.3%
Total Revenues	$91,323,861	$94,016,496	$2,692,635	2.9%

Taxation and Other Levies

Public Sector Accounting Standards require the City to present the original 2013 budget adopted by Council on April 8, 2013 as part of the 2013-2017 Financial Plan. The Financial Plan was subsequently amended on May 14, 2013 through Bylaw 3842 resulting in a $442 thousand decrease in the budget for taxation with a corresponding decrease in transfer to reserves. Comparison to the amended bylaw results in a favourable variance of $191 thousand which is attributable to supplementary adjustments in assessment values.

Utility Charges

Utility charges, which consist of user rates for water and sewer, are $627 thousand (3.4%) higher than budget as a result of higher than anticipated service connections, and higher than anticipated consumption by industrial and commercial properties.

Contributions

Contribution revenue is $900 thousand (12.3%) higher than budget as a result of $3.1 million more of developer contributed assets than budgeted, and $900 thousand more in grants and miscellaneous revenues than budgeted. These favourable variances are offset by $3.8 million lower than anticipated work funded from Development Cost Charges.

Investment Income

Investment income is $1.1 million (62.8%) higher than budget due to a slight increase in the average rate of return on investments and a larger than anticipated investment balance held by the City throughout the year. The City budgets very conservatively for investment income due to the uncertainty of interest rates and cash flow requirements. As interest rates have stabilized, investment income can be better predicted in future years.

Expenses by Function

At $16.7 million (20.8%), Parks & Recreation incurred the largest portion of the City's $80.3 million in operating expenses, followed closely by Engineering and operations at $15.9 million (19.9%).

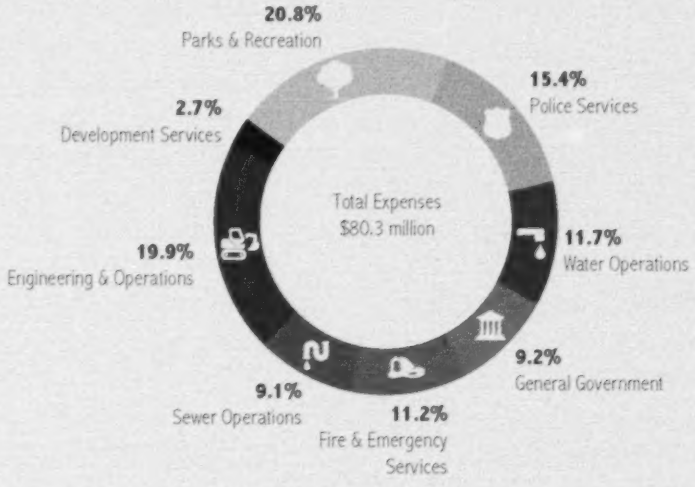


Figure 4: Operating Expenses by Function

Consolidated Expenses – Comparison to 2012 (by Function)

Figure 5: Expenses Comparison 2013 vs. 2012

	2013 Actual	2012 Actual	Change from 2012	% Change
Engineering & Operations	$15,985,464	$16,732,490	$(747,026)	-4.5%
Parks & Recreation	16,731,667	16,104,407	627,260	3.9%
Police Services	12,368,253	12,205,654	162,599	1.3%
General Government	7,399,452	8,009,999	(610,547)	-7.6%
Fire & Emergency Services	9,011,200	8,523,834	487,366	5.7%
Development Services	2,204,110	2,116,719	87,391	4.1%
Water Operations	9,388,751	9,072,132	316,619	3.5%
Sanitary Sewer Operations	7,294,878	7,240,298	54,580	0.8%
Total Expenses	$80,383,775	$80,005,533	$378,242	0.5%

Engineering & Operations

Engineering & Operations has decreased by $747 thousand (-4.5%) to $15.9 million from $16.7 million in 2012. $300 thousand (-1.8%) of the decrease is attributable to lower expenditures on one-time projects as compared to the prior year. The decrease is a result of various planned projects that were deferred or cancelled in the year (e.g. The Laurier drainage study for $191 thousand was to be undertaken in conjunction with a detailed Fremont Connector study; however, as the Fremont Connector study has been scaled back, the Laurier drainage study was considered premature and was therefore cancelled).

An additional $270 thousand (-1.6%) is attributable to a change in the accounting treatment for road salt and other materials resulting in a one-time decrease to materials and supplies expenses offset by an increase to inventory. The remaining portion of the change (-1.1%) is due to minor differences across the various department functions.

Parks & Recreation

Parks & Recreation has increased by $627 thousand (3.9%) to $16.7 million from $16.1 million in 2012. The change is due to $130 thousand in increased expenses for the City's 100th birthday celebrations, $100 thousand in increase amortization expense due to additional capital assets put in use, $100 thousand increase as a result of labour/contract negotiations and various other individually immaterial account changes.

General Government

General government has decreased by $610 thousand (-7.6%) to $7.4 million from $8.0 million in 2012. The change is due to the City recognizing a $1.5 million gain on the sale of municipal land which was recorded against other asset write-down and disposal costs. The gain on sale of land is offset by a $580 thousand increase to salaries and benefits cost and $433 thousand in contracted services costs as a result of labour/contract negotiations and organization restructuring that occurred in the year.

Fire & Emergency Services

Fire & Emergency Services increased by $487 thousand (5.7%) to $9 million compared to $8.5 million in 2012. The change is due to a $300 thousand increase in salaries and benefits attributable to the net addition of six new firefighters as well as changes to the employer's portion of benefits related to municipal pension costs. The remaining difference is due to individually insignificant changes in other account balances.

Consolidated Expenses – Comparison to Budget (by Function)

Figure 6: Expenses Comparison 2013 vs. Budget

	2013 Budget	2013 Actual	Variance [Fav / (Unfav.)]	% Variance
Engineering & Operations	$17,537,861	$15,985,464	$1,552,397	9.7%
Parks & Recreation	17,189,100	16,731,667	457,433	2.7%
Police Services	13,828,698	12,368,253	1,460,445	11.8%
General Government	8,955,936	7,399,452	1,556,484	21.0%
Fire & Emergency Services	9,009,798	9,011,200	(1,402)	0.0%
Development Services	2,288,395	2,204,110	84,285	3.8%
Water Operations	10,387,200	9,388,751	998,449	10.6%
Sanitary Sewer Operations	7,844,692	7,294,878	549,814	7.5%
Total Expenses	$87,041,680	$80,383,775	$6,657,905	8.3%

Engineering & Operations

Engineering & Operations is $1.6 million (9.7%) under budget for operating costs. Of the $1.6 million, approximately $1.0 million (5.7%) relates to completed road rehabilitation projects, which have been expensed as capital to meet tangible capital asset reporting requirements, and are not included in the $15.9 million of operating expenditures reported above.

Because Public Sector Accounting Standards require the City to present the original 2013 budget adopted by Council on April 8, 2013 as part of the 2013-2017 Financial Plan, the $1.0 million for road rehabilitation is presented in the operating section whereas the costs are recorded in the capital section causing an apparent variance.

An additional $270 thousand (1.5%) of favourable variance can be attributed to a change in how road salt and other materials are accounted for in the favourable variance to materials and supplies expenses.

Of the remaining variance, $1.0 million is attributed to lower amortization[3] costs than anticipated. This is offset by $800 thousand of unbudgeted expenses related to losses[4] on the disposal of tangible capital assets resulting in a net favourable variance of $200 thousand (1.1%). The remaining variance is due to a multitude of minor variances across the various functions that are run by the department.

Parks & Recreation

Parks & Recreation is $457 thousand (2.7%) under budget as a result of a multitude of minor variances across the various programs and functions that are run by the department.

3 Amortization is included in the budget as a non-funded expenditure. Variances arising from differences between budgeted and actual amortization costs do not have an impact on restricted or unrestricted surplus, and are recorded as part of the amount invested in tangible capital assets.

4 Losses on the disposal of tangible capital assets occur when a tangible capital asset has been disposed of before it is fully depreciated. Losses on disposal do not have an impact on restricted or unrestricted surplus, and are recorded as a reduction in the amount invested in tangible capital assets.

Police Services

Police Services is $1.4 million (11.8%) under budget as a result of $1.1 million favourable variance of shared policing costs as a result of staff vacancies ($270 thousand), lower than expected health care costs ($395 thousand) and other miscellaneous operations savings ($450 thousand). The remaining $307 thousand of favourable variances is due to savings in non-shared policing costs for integrated services.

General Government

General government is $1.6 million (21%) under budget due to the City recognizing a $1.5 million gain on the sale of municipal land. Remaining variance is due to individually immaterial changes in other accounts.

Water Operations

Water operations is $998 thousand (10.6%) under budget due to lower than anticipated utility rates from Metro Vancouver in addition to lower than forecasted water consumption resulting in $700 thousand favourable variance. The remaining variances are due to shortage of staff resulting in $200 thousand favourable labour variances and other minor variances in materials and contracted services due to less projects being undertaken than budgeted as a result of labour shortage.

Sewer Operations

Sewer operations is $549 thousand (7.5%) under budget due to a $310 thousand favourable variance as a result of timing delays for the start of one-time projects such as the sanitary sewer modelling; $100 thousand favourable variance due to amortization expense lower than budgeted. Remaining variances the result of miscellaneous variances that are individually immaterial.

3. Capital Expenditures

The Capital Plan for 2013, as approved by Council, totaled $10.3 million. The City also had carry forward projects from earlier plans of $10.6 million; combining for a total of $20.9 million in capital expenditures planned for 2013. A total of $9.7 million in capital expenditures was incurred in 2013, resulting in a variance of $11.1 million.

The Financial Management Policy allows funding to be carried forward for those projects/purchases which are still in-process as at the end of the year. Of the $11.1 million variance, a total of $8.9 million (80.1%) in capital projects has been carried forward to the 2014 Financial Plan (2012 - $10.6 million).

The remaining variance is attributed to projects budgeted as capital, but at the time of implementation did not qualify as a capital asset under Public Sector Accounting Board rules, or completed projects coming in under-budget.

Figure 7: 2013 Capital Expenditures Status

	Completed	In Progress	Delayed / Not Started
Parks & Recreation	Evergreen & Cedar Parks Ball Field Renos	Lions Park - Picnic Shelter, Washroom, Playground, Path & Plaza	
	Westwood Park - Tennis Fence & Surface	Cemetery Expansion	
	Gates Park - Artificial Turf	Procured Equipment - Delivered in 2014	
	Trail Repairs		
	Bear Proof Trash Cans		
	Various Equipment Replacement		
Engineering & Operations	Lincoln (Cedar W to Park) Road & Drainage	Procured Equipment - Delivered in 2014	Burns Road
	Kingsway Water Main Replacement	Clematis Road Works	Shaughnessy Pedestrian Underpass
	Kingsway Sanitary Sewer Pump Station	Kingsway Pathway	2100 & 2200 Pitt River Road
	Traffic Signal at Shaughnessy & Fraser	Veterens Park Bus Shelter	Kingsway Traffic Signals
	Westwood Road works from Lougheed to Kingsway	Halifax Sanitary Sewer Pump Station	
	5 Solid Waste Trucks	Ongoing: CMO/Broadway/Pitt River Intertidal	
	Various Roads & Drainage, Water & Sewer Works		
Police Services		Mary Hill Police Office Renovation	
General Government	MyPortCoquitlam	Agresso Financial Systems	
	Council Meeting Web Streaming		
	Various Information Systems Replacement & Upgrade		
Fire & Emergency Services		Procured Fire Engine - Deliver in 2014	

4. Net Financial Assets

Figure 8: Net Financial Assets Comparison 2013 vs. 2012

	2013 Actual	2012 Actual	Change from 2012	% Change
Financial Assets	$123,374,828	$109,840,099	$13,534,729	12.3%
Liabilities	69,906,778	69,006,525	900,253	1.3%
Net Financial Assets	$53,468,050	$40,833,574	$12,634,476	30.9%

As at December 31, 2013, the City held more financial assets than liabilities meaning that there are sufficient funds on hand to pay for all existing obligations with the remaining balance available to fund future activities. Of the $69 million in liabilities, $23.3 million (33.3%) relates to debt which will be repaid over the next 25 years.

Financial Assets

Financial assets have increased by $13.5 million (12.3%) to $123.4 million from $109.8 million in 2012. The increase is due to investment of $14.4 million in cash generated from operations in order to earn a higher rate of return. The increase in investments is offset by $1.5 million a reduction in accounts receivable due to receipt of one-time capital funding for Broadway Street project.

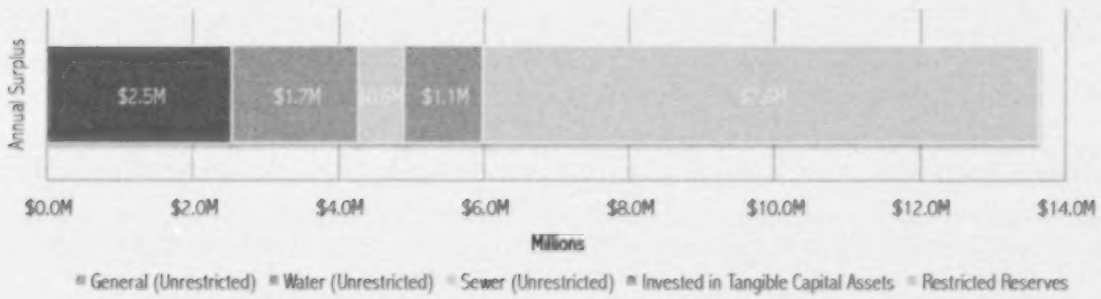
Liabilities

Liabilities have increased by $900 thousand (1.3%) to $69.9 million from $69 million in 2012. The increase is due to a $1.4 million net increase in development cost charges, offset by a $961 thousand decrease in accounts payable due to timing differences for when costs were invoiced.

5. Accumulated Surplus

Accumulated surplus increased from $665.8 million in 2012 to $679.4 million in 2013. The increase of $13.6 million (2.0%) corresponds to the annual surplus (2012 - $19.5 million). The breakdown of the annual surplus is outlined in the chart below.

Figure 9: Components of 2013 Annual Surplus



Unrestricted Reserves

The City maintains unrestricted reserves in order to reduce the need to borrow temporarily in the year before major revenues from annual property tax and utility bills are received, and to ensure adequate funds are on hand in the event of an emergency (e.g. major flooding, earthquake, unplanned infrastructure replacements).

Figure 10: Unrestricted Reserves 2013 vs. 2012

In 2013, unrestricted reserves increased by $2.3 million (14.6%) for general, $1.7 million (47.5%) for water and $618 thousand (48.4%) for sewer.

Unrestricted General Reserves

Figure 11: Breakdown of General Annual Surplus

Of the $2.3 million increase in unrestricted general reserves:

- Approximately $1.1 million is the result of surplus generated from higher revenues than budgeted for various grants, donations and other contributions.
- Approximately $1.2 million is the result of lower costs than forecasted[5]. $1.4 million of this amount is attributable to favourable variances in police services[6] due to staff vacancies, reduced cost share and other operational savings; $570 thousand is attributable to favourable variances in parks and recreation; these favourable variances are offset by a larger transfer to reserves than budgeted due to the sale of land.

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5 Variances discussed in this section may differ from the variances discussed in section 2 due to the fact that this section excludes amortization expense which is recorded as part of the amount invested in tangible capital assets and thus does not impact the variance for unrestricted reserves.

6 Refer to the variance analysis of Police Services in section 2 for further details.

Unrestricted Water Reserves

Figure 12: Breakdown of Annual Water Surplus

Of the $1.7 million increase in unrestricted water reserves:

- Approximately $0.3 million is the result of surplus generated from higher revenues than budgeted.
- Approximately $1.4 million is the result of lower costs than expected, related primarily to lower billings from Metro Vancouver for water consumption.[7]

Unrestricted Sewer Reserves

Figure 12: Breakdown of Annual Sewer Surplus

Of the $0.6 million increase in unrestricted sewer reserves:

- Approximately $0.3 million is the result of surplus generated from higher revenues than budgeted.
- Approximately $0.3 million is the result of lower costs than expected.

7 Variances discussed in this section may differ from the variances discussed in section 2 due to the fact that this section excludes amortization expense which is recorded as part of the amount invested in tangible capital assets and thus does not impact the variance for unrestricted reserves.

Restricted Reserves

As outlined in the Financial Management Policy, the purpose of setting aside reserves is to:

- Provide a source of funds for future capital expenditures.
- Provide a source of funding for areas of expenditure that fluctuate significantly from year to year (equipment replacement, special building maintenance, etc.).
- Protect the City from uncontrollable or unexpected increases in expenditures or unforeseen reductions in revenues, or a combination of the two.
- Provide for working capital to ensure sufficient cash flow to meet the City's needs throughout the year.
- The Community Charter is the primary legislative source for the rules governing the use of restricted reserves. The Charter is supplemented by the City's reserve bylaws which provide more specific details on the intended purposes of each of the City's restricted reserves.

Some of the City's larger reserves relate to:

- Equipment replacement ($15.2 million)
- Roads and drainage ($9.8 million)
- Proceeds from land sale ($6.3 million)
- Long term infrastructure replacement ($5.9 million)

Figure 14: Restricted Reserves Comparison 2013 vs. 2012

	2013	2012	Change from 2012	% Change
Opening balance	$43,392,924	$36,980,727	$6,412,197	17.3%
Contributions	13,744,303	11,807,905	1,936,398	16.4%
Interest Allocation	946,043	779,323	166,720	21.4%
Use of reserves	(7,048,183)	(6,175,031)	(873,152)	14.1%
Closing Balance	$51,035,087	$43,392,924	$7,642,163	17.6%

There is a net increase in the restricted reserve balance of $7.6 million. Contributions to reserves include:

- Funding from property taxes (Capital Funding Envelopes, Long Term Infrastructure contributions, repayment of internal borrowings).
- Contributions from developers (parking), disposals of assets (land, equipment).
- Surplus operating funds as per the Financial Management Policy (Arts & Culture, Snow & Ice Removal, Canada/ May Day, Election).

The interest allocation is based on the City's average of the beginning and ending reserve balances and the average interest rate earned. There was an increase over 2012 in use of reserves for Capital and Operating expenditures. In 2013, Council approved re-allocation of reserve funds. These transfers will be reflected in the 2014 reserve transactions.

Equity in Tangible Capital Assets, Inventory and Prepaids

In 2013 there was an increase of $1.1 million representing the overall net change in tangible capital assets and reduction in debt. The debt incurred to purchase assets, reduces the City's Equity in Tangible Capital Assets. This is a change in presentation from past financial statements where the debt was shown as a reduction in unrestricted reserves.

6. Liquidity and Capital Resources

Cash Flows and Liquidity

The City continues to maintain a strong cash position as demonstrated by the $4.9 million in cash and cash equivalents on hand at year-end. Of the $23.3 million in cash generated from operating activities in 2013:

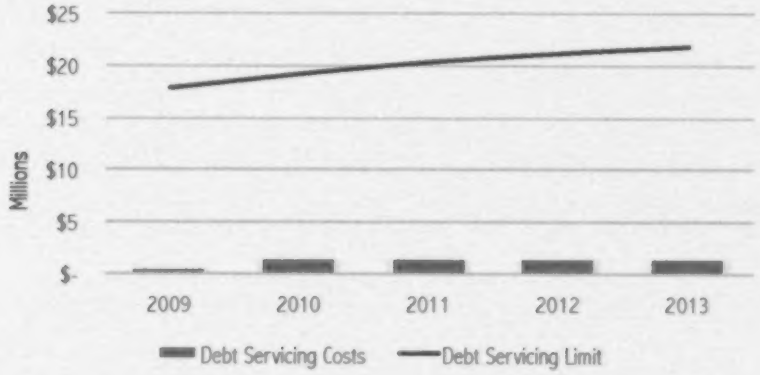
- $9.9 million was used to acquire or construct capital assets, offset by proceeds of $2.1 million on the disposal of capital assets
- $14.4 million was invested
- $300 thousand was used to pay down debt

At year end, there remained multiple sources of liquidity. Unrestricted cash and near-cash equivalents, and term deposits with a maturity less than a year included:

- Cash and cash equivalents ($5.1 million)
- Term deposits ($107.5 million)

Debt

Figure 15: Debt Servicing Costs vs. Debt Servicing Limit



In 2009, the City incurred $25 million of debt through the Municipal Finance Authority to help fund construction of the Coast Meridian Overpass. The debt has a repayment period of 30 years with an interest rate of 4.13%. In 2019 the City will have the option to fully settle the outstanding balance or to refinance the remaining balance with a different repayment period.

If the debt is refinanced, the City will be subject to the prevailing market rates for interest at the time. Section 174 of the Community Charter restricts the amount of debt that can be incurred by the City. Under the regulations, the maximum value of debt servicing costs for a given year is 25% of the City's controllable and sustainable revenues for the previous year. In 2013 the City had debt servicing costs of $1.4 million (2012 - $1.4 million) as compared to the liability servicing limit of $21.9 million (2012 -$21.1 million).

Auditors' Report to the Mayor and Council

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INDEPENDENT AUDITORS' REPORT

To the Mayor and Council of the Corporation of the City of Port Coquitlam

We have audited the accompanying consolidated financial statements of the Corporation of the City of Port Coquitlam, which comprise the consolidated statement of financial position as at December 31, 2013, the consolidated statements of operations, changes in net financial assets and cash flows for the year then ended, and notes, comprising a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with Canadian public sector accounting standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Corporation of the City of Port Coquitlam as at December 31, 2013, and its consolidated results of operations, its consolidated changes in net financial assets, and its consolidated cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Other Matters

Our audit was made for the purpose of forming an opinion on the consolidated financial statements taken as a whole. The current year's supplementary information included in Schedule 1 is presented for purposes of additional analysis and is not a required part of the financial statements. Such supplementary information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and, in our opinion, is fairly stated in all material respects in relation to the consolidated financial statements taken as a whole.

KPMG LLP

Chartered Accountants
April 28, 2014
Burnaby, Canada

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KPMG Canada provides services to KPMG LLP.

Consolidated Statement of Financial Position

AS AT DECEMBER 31, 2013

		2013	2012
FINANCIAL ASSETS			
Cash and cash equivalents		$ 4,952,306	$ 4,138,742
Investments	Note 3	111,382,843	96,945,934
Accounts receivable	Note 4	6,545,756	8,089,552
Due from other governments	Note 5	493,923	665,871
		123,374,828	109,840,099
LIABILITIES			
Accounts payable	Note 6	10,738,839	11,699,911
Deferred revenues	Note 7	8,948,853	8,868,775
Deposits	Note 8	6,339,584	6,036,113
Development cost charges	Note 9	17,588,289	16,168,234
Post-employment benefits and compensated absences	Note 10	2,977,000	2,637,000
Debt	Note 11	23,314,213	23,596,492
		69,906,778	69,006,525
NET FINANCIAL ASSETS		53,468,050	40,833,574
NON-FINANCIAL ASSETS			
Tangible capital assets	Note 12	625,160,202	624,343,868
Inventories		584,364	340,143
Prepaid expenses		180,942	243,252
		625,925,508	624,927,263
ACCUMULATED SURPLUS	Note 13	$ 679,393,558	$ 665,760,837

Commitments and Contingencies (Note 17)

See accompanying Notes to the Consolidated Financial Statements

John Leeburn, MBA
Chief Administrative Officer

Karen Grommada, CPA, CMA
Director of Finance

Consolidated Statement of Operations

FOR THE YEAR ENDED DECEMBER 31, 2013

		2013 Budget *(Notes 2c and 20)*	2013	2012
REVENUES				
Taxation and other levies	Note 19	$ 56,147,519	$ 55,897,126	$ 53,223,045
Utility charges		17,838,642	18,465,923	17,142,437
Sale of services		8,674,300	8,845,104	9,291,771
Contributions		6,472,640	7,377,170	16,343,520
Investment income		673,000	1,811,443	1,599,460
Other revenue		1,517,760	1,619,730	1,860,320
		$ 91,323,861	$ 94,016,496	$ 99,460,553
EXPENSES				
Engineering & Operations		$ 17,537,861	$ 15,985,464	$ 16,732,490
Parks & Recreation		17,189,100	16,731,667	16,104,407
Police Services		13,828,698	12,368,253	12,205,654
General Government		8,955,936	7,399,452	8,009,999
Fire & Emergency Services		9,009,798	9,011,200	8,523,834
Development Services		2,288,395	2,204,110	2,116,719
Water Operations		10,387,200	9,388,751	9,072,132
Sanitary Sewer Operations		7,844,692	7,294,878	7,240,298
		$ 87,041,680	$ 80,383,775	$ 80,005,533
ANNUAL SURPLUS		4,282,181	13,632,721	19,455,020
ACCUMULATED SURPLUS, beginning of year		665,760,837	665,760,837	646,305,817
ACCUMULATED SURPLUS, end of year		$ 670,043,018	$ 679,393,558	$ 665,760,837

See accompanying Notes to the Consolidated Financial Statements

Consolidated Statement of Cash Flows

FOR THE YEAR ENDED DECEMBER 31, 2013

CASH PROVIDED (USED) BY:	2013	2012
Annual surplus	$ 13,632,721	$ 19,455,020
Items not involving cash:		
Developer contributions of tangible capital assets	(4,183,221)	(12,560,684)
Amortization	11,534,077	11,214,392
Loss (gain) on disposal of tangible capital assets	(419,072)	750,382
Write-downs of tangible capital assets	3,596	1,869,727
Non-cash pension expense	340,000	153,267
Change in non-cash operating assets and liabilities		
Accounts receivable	1,543,796	(504,319)
Due from other governments	171,948	(456,331)
Accounts payable	(961,072)	(254,915)
Deferred revenues	80,078	(186,093)
Deposits	303,471	491,055
Development cost charges	1,420,055	2,786,689
Inventories	(244,221)	43,319
Prepaid expenses	62,310	(94,081)
Cash provided by operations	23,284,466	22,707,428
FINANCING TRANSACTIONS		
Debt repayment	(282,279)	(486,322)
Cash used in financing	(282,279)	(486,322)
CAPITAL TRANSACTIONS		
Cash used to acquire tangible capital assets	(9,942,936)	(9,745,307)
Cash received from disposals of tangible capital assets	2,191,222	-
Cash used in capital	(7,751,714)	(9,745,307)
INVESTING TRANSACTIONS		
Purchase of investments	(160,436,909)	(129,493,904)
Redemption of investments	146,000,000	102,000,000
Cash used in investing	(14,436,909)	(27,493,904)
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	813,564	(15,018,105)
CASH AND CASH EQUIVALENTS, beginning of year	4,138,742	19,156,847
CASH AND CASH EQUIVALENTS, end of year	$ 4,952,306	$ 4,138,742

See accompanying Notes to the Consolidated Financial Statements

Consolidated Statement of Change in Net Financial Assets

FOR THE YEAR ENDED DECEMBER 31, 2013

	2013 Budget *(Notes 2c and 20)*	2013	2012
Annual surplus	$ 4,282,181	$ 13,632,721	$ 19,455,020
Acquisition of tangible capital assets	(20,886,740)	(9,942,936)	(9,745,307)
Developer contributions of tangible capital	(1,000,000)	(4,183,221)	(12,560,684)
Amortization of tangible capital assets	12,500,000	11,534,077	11,214,392
Loss (gain) on disposal of tangible capital assets	-	(419,072)	750,382
Write-downs of tangible capital assets	-	3,596	1,869,727
Proceeds on disposal of tangible capital assets	-	2,191,222	-
Use (acquisition) of inventories	-	(244,221)	43,319
Use (acquisition) of prepaid expenses	-	62,310	(94,081)
INCREASE (DECREASE) IN NET FINANCIAL ASSETS	(5,104,559)	12,634,476	10,932,768
NET FINANCIAL ASSETS, beginning of year	40,833,574	40,833,574	29,900,806
NET FINANCIAL ASSETS, end of year	$ 35,729,015	$ 53,468,050	$ 40,833,574

See accompanying Notes to the Consolidated Financial Statements

Notes to the Consolidated Financial Statements

YEAR ENDED DECEMBER 31, 2013

1. Operations

The Corporation of the City of Port Coquitlam (the "City") is incorporated under the *Local Government Act of British Columbia*. The City's principal activities include the provision of local government services to residents of the incorporated area. These include administrative, protective, transportation, environmental, recreational, water and sanitary sewer services.

2. Significant Accounting Policies

The consolidated financial statements of the City are prepared in accordance with Canadian generally accepted accounting principles as prescribed by the Public Sector Accounting Board ("PSAB") of the Canadian Institute of Chartered Accountants.

a. Basis of Presentation

The consolidated financial statements comprise the City's General, Water, Sewer and Reserve funds and the Port Coquitlam Community Foundation. All inter-fund and inter-entity balances have been eliminated.

Under the Community Charter, City Council may, by bylaw, establish reserve funds for specified purposes:

(i) Internally restricted reserves are in accordance with City policy and with bylaws adopted by Council pursuant to the Community Charter. The policy and bylaws define the funding source for each reserve and their usage.
(ii) Statutorily restricted reserves are reserves restricted by the provincial government in accordance with the Community Charter. The legislation defines the funding source for each reserve and their usage.
(iii) Development cost charges are reserves restricted by the Local Government Act. The legislation and bylaws define the funding source for each reserve and their usage.

Trust funds are those that are administered for certain beneficiaries. In accordance with PSAB recommendations, trust funds are not included in the City's consolidated financial statements. Trust funds administered by the City are presented in Note 18.

b. Basis of Accounting

The City follows the accrual method of accounting for revenues and expenses. Revenues are recognized in the year in which they are earned and measurable. Expenses are recognized as they are incurred and measurable as a result of receipt of goods and services and/or the creation of a legal obligation to pay.

c. Budget Information

The budget information reported in the consolidated statement of operations and the consolidated statement of change in net financial assets reflects the 2013 Financial Plan Bylaw adopted by City Council on April 8, 2013.

d. Cash and Cash Equivalents

Cash and cash equivalents consist of cash, highly liquid money market investments and investments with maturities of less than 90 days at acquisition.

e. Investments

Investments are recorded at cost, adjusted for amortization of premiums or discounts. Provisions for losses are recorded when they are considered to be other than temporary.

f. Deferred Revenue

Deferred revenue consists of prepaid property taxes, utilities, and recreation program fees paid in advance for services yet to be provided. The City defers a portion of the revenue collected from permits, licenses and other fees and recognizes this revenue in the year in which related inspections are performed or other related expenditures are incurred.

g. Deposits

Deposits represent cash collected by the City as security against work performed by property developers. The security is returned to the developer upon satisfactory completion of the work, or recognized into revenue if the work is not performed in accordance with the applicable bylaws.

h. Development Cost Charges

Development cost charges, collected to pay for capital projects due to be developed, are deferred upon receipt and are recognized as revenue when the capital costs for which they were collected are incurred.

i. Post-employment Benefits and Compensated Absences

The City and its employees make contributions to the Municipal Pension Plan. As this plan is a multi-employee plan, contributions are expensed as incurred.

Post-employment benefits and compensated absences also accrue to City employees. Liabilities related to these benefits are actuarially determined based on service and best estimates of retirement ages and expected future salary and wage increases. Liabilities under these benefits plans are accrued based on projected benefits as the employees render services necessary to earn the future benefits.

j. Debt

Long-term debt is recorded in the consolidated financial statements net of repayments and actuarial adjustments.

k. Non-financial Assets

Non-financial assets are not available to discharge existing liabilities and are held for use in the provision of services. They have useful lives extending beyond the current year and are not intended for sale in the ordinary course of operations.

Tangible Capital Assets
Tangible capital assets are recorded at cost which includes amounts that are directly attributable to acquisition, construction, development or betterment of the asset. The cost, less residual value, is amortized on a straight line basis over the asset's useful life as follows:

MAJOR ASSET CATEGORY	USEFUL LIFE	MAJOR ASSET CATEGORY	USEFUL LIFE
Land	Not amortized	Drainage Infrastructure	25 to 100 years
Parks Infrastructure	3 to 100 years	Land Improvements	45 to 100 years
Vehicles, Machinery & Equipment	5 to 25 years	Water Infrastructure	25 to 80 years
Transportation Infrastructure	10 to 100 years	Sanitary Infrastructure	25 to 100 years
Buildings	20 to 70 years		

Amortization begins once the asset is in use and ends when the asset is disposed or decommissioned. Assets under construction are not amortized until the asset is available for productive use.

Tangible capital assets received as contributions are recorded at their fair value at the date of receipt and are also recorded as revenue.

Interest is capitalized whenever external debt is issued to finance the construction of tangible capital assets.

Leases, which transfer substantially all of the benefits and risks incidental to ownership of property, are accounted for as leased tangible capital assets. All other leases are accounted for as operating leases and the related payments are charged to expenses as incurred.

Natural resources, works of art and historic assets are not recorded as assets in these financial statements.

Inventories
Inventories held for consumption or resale are recorded at the lower of cost and replacement cost.

l. Government Transfers

Restricted transfers from governments are deferred and recognized as revenue as the related expenditures are incurred or the stipulations in the related agreement are met. Unrestricted transfers are recognized as revenue when received or if the amount to be received can be reasonably estimated and collection is reasonably assured.

m. Use of Estimates

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Significant areas requiring the use of management estimates relate to the determination of post-employment benefits, allowance for doubtful accounts receivable, provision for contingencies, valuation of contributed tangible capital assets, and useful lives of tangible capital assets. Actual results may differ from management's estimates as additional information becomes available. Adjustments, if any, will be reflected in the financial statements in the period that the change in estimate is made, as well as in the period of settlement if the amount is different.

n. Segment Disclosure

A segment is defined as a distinguishable activity or group of activities of a government for which it is appropriate to separately report financial information to achieve the objectives of the standard. Financial information is presented in segmented format in Note 22.

3. Investments

Investments have maturity dates of more than 90 days at acquisition and include term deposits in credit unions and deposits in the Municipal Finance Authority. Short-term deposits include term deposits in credit unions with varying maturity dates from January, 2014 to December, 2014. Investments are guaranteed by either the Province of BC or Alberta. Investments have rates of return ranging from 0.06% to 6.49% with varying maturity dates from January, 2014 to December, 2014.

	2013	2012
Short-term deposits	$ 87,000,000	$ 73,000,000
Government bonds	3,894,344	3,657,104
Municipal Finance Authority Intermediate Fund	20,488,499	20,288,830
	$ 111,382,843	$ 96,945,934

4. Accounts Receivable

	2013	2012
Property tax and utility receivable	$ 2,927,499	$ 3,188,335
Accounts receivable	939,477	2,357,198
Development cost charges receivable	1,343,635	1,448,279
Other	1,335,145	1,095,740
	$ 6,545,756	$ 8,089,552

5. Due from Other Governments

	2013	2012
Government of Canada	$ 245,672	$ 561,174
Province of BC	203,839	62,785
Other Governments	44,412	41,912
	$ 493,923	$ 665,871

6. Accounts Payable

	2013	2012
Accounts payable and accrued liabilities	$ 7,437,551	$ 7,082,214
Wages and benefits payable	2,954,663	3,538,814
Statutory holdbacks	258,216	309,503
Due to other governments	88,409	769,380
	$ 10,738,839	$ 11,699,911

7. Deferred Revenues

Deferred revenues relate to amounts deposited in advance of services performed.

	2013	2012
Property tax and utilities	$ 6,841,097	$ 6,658,652
Programs and services	2,107,756	2,210,123
	$ 8,948,853	$ 8,868,775

8. Deposits

Deposits represent cash collected as security under the Port Coquilam Highway Bylaw, 1984 No. 2011; Subdivision Servicing Bylaw 1987 No. 2241; and City of Port Coquitlam Soil Removal and Deposit Bylaw 2002 No. 3331 bylaws.

9. Development Cost Charges

AREA 1	Balance, beginning of year	Third Party Contributions	Interest Allocation	Capital Expenses	Balance, end of year
Drainage	$ 3,668,057	$ 16,737	$ 74,335	$ (11,101)	$ 3,748,028
Transportation	7,250,954	142,051	148,270	-	7,541,275
Parks	3,802,545	70,352	72,777	(487,599)	3,458,075
Water	4,279,678	7,221	86,737	-	4,373,636
Sanitary	1,321,152	4,475	26,799	-	1,352,426
AREA 2					
Drainage	(1,229,041)	101,778	(23,858)	-	(1,151,121)
Transportation	(6,911,336)	1,467,586	(127,675)	(254,828)	(5,826,253)
Parks	1,278,514	11,923	26,011	-	1,316,448
Water	965,170	17,601	19,723	-	1,002,494
Sanitary	621,250	16,889	12,751	-	650,890
Parks Interest	1,121,291	-	22,490	(21,390)	1,122,391
	$ 16,168,234	$ 1,856,613	$ 338,360	($ 774,918)	$ 17,588,289

10. Post-Employment Benefits and Compensated Absences

The City provides sick leave and retirement benefits to its employees. Eligible employees accumulate sick leave entitlement on a monthly basis and can only use this entitlement for paid time off under certain circumstances. Retirement benefits represent the City's share of the cost to provide eligible employees with severance pay upon retirement.

The amount recorded for these benefits is based on an actuarial valuation done by an independent firm of actuaries using a projected benefit actuarial valuation method pro-rated on services. The most recent actuarial valuation was completed as at December 31, 2011 and have been extrapolated to December 31, 2013.

Information regarding the City's obligations for these benefits is as follows:

	2013	2012
Accrued benefit obligation, beginning of the year	$2,772,000	$2,736,000
Service cost	286,000	155,000
Interest cost	160,000	111,000
Benefit payments	(138,000)	(153,000)
Amortization of net actuarial losses	(94,000)	(77,000)
Accrued benefit obligation, end of the year	2,986,000	2,772,000
Unamortized actuarial loss	(9,000)	(135,000)
Accrued benefit liability	$2,977,000	$2,637,000

The unamortized actuarial loss is amortized over a period equal to the employees' average remaining service lifetime. The significant actuarial assumptions adopted in measuring the City's accrued benefit liability are as follows:

	2013	2012
Discount rates	4.00%	3.50%
Expected future inflation rates	2.25%	2.25%
Expected compensation increases	2.50%	2.50%
Expected average remaining service lifetime	10.1 years	10.1 years

Notes to the Consolidated Financial Statements

11. Debt

The City incurs debt through the Municipal Finance Authority in accordance with the Community Charter to finance certain capital expenditures. The debt balance is as follows:

	Gross Debt	2013 Repayments and Actuarial Adjustments	Net Debt	2012 Net Debt
Coast Meridian Overpass, Bylaw 3611, 4.13%, due 2039	$ 25,000,000	$ 1,685,787	$ 23,314,213	$ 23,596,492

Future payments on net outstanding debt over the next five years and thereafter are paid from the General Fund and are as follows:

	Debt Payments
2014	$ 1,478,252
2015	1,478,252
2016	1,478,252
2017	1,478,252
2018	1,478,252
Thereafter	31,043,292
Principal and interest payments	38,434,552
Amount representing interest	15,120,339
Debt principal repayments	$ 23,314,213

The City paid $959,001, net of earnings on debt reserve deposit, in interest on long term debt during the year (2012 - $983,810).

12. Tangible Capital Assets

a. Assets Under Construction: Assets under construction having a value of $2,541,469 (2012 - $2,262,876) have not been amortized. Amortization of these assets will commence when the assets are put into service.

b. Contributed Tangible Capital Assets: Contributed tangible capital assets (including transportation, drainage, water and sanitary sewer assets) have been recognized at fair market value at the date of contribution. The value of contributed assets received during the year is $4,183,221 (2012 - $12,560,684).

AS AT DECEMBER 31, 2013	Land	Parks Infrastructure	Vehicles, Machinery, Equipment	Transportation Infrastructure
COST				
Opening Balance	$ 216,482,674	$ 21,758,418	$ 19,681,177	$ 251,813,650
Add: Additions	3,042,670	229,613	2,755,727	3,009,955
Add/(Deduct): Transfers from AUC	-	-	31,967	969,718
Less: Disposals	(304,328)	-	(2,142,258)	(1,766,706)
Less: Write-downs (adjustments)	-	-	(3,596)	-
Closing Balance	219,221,016	21,988,031	20,323,017	254,026,617
ACCUMULATED AMORTIZATION				
Opening balance	-	11,658,094	12,078,638	42,939,485
Add: Amortization	-	845,414	1,494,934	4,194,750
Less: Accumulated Amortization on Disposals	-	-	(1,972,740)	(790,781)
Closing balance	-	12,503,508	11,600,832	46,343,454
Net book value as at December 31, 2013	$ 219,221,016	$ 9,484,523	$ 8,722,185	$ 207,683,163

AS AT DECEMBER 31, 2012	Land	Parks Infrastructure	Vehicles, Machinery, Equipment	Transportation Infrastructure
COST				
Opening Balance	$ 213,837,028	$ 19,889,502	$ 18,875,940	$ 247,522,651
Add: Additions	2,645,646	1,767,453	1,002,749	6,725,784
Add/(Deduct): Transfers from AUC	-	705,633	-	148,399
Less: Disposals	-	604,170	197,512	1,536,948
Less: Write-downs (adjustments)	-	-	-	1,046,236
Closing Balance	216,482,674	21,758,418	19,681,177	251,813,650
ACCUMULATED AMORTIZATION				
Opening balance	-	11,493,408	10,899,820	39,664,288
Add: Amortization	-	755,920	1,376,330	4,128,806
Less: Accumulated Amortization on Disposals	-	591,234	197,512	853,609
Closing balance	-	11,658,094	12,078,638	42,939,485
Net book value as at December 31, 2012	$ 216,482,674	$ 10,100,324	$ 7,602,539	$ 208,874,165

c. Works of art and historical treasures: The City manages and controls some works of art and non-operational historical assets located at City sites and public display areas. These assets are not recorded as tangible capital assets and are not amortized.

d. Write-down (adjustments) of tangible capital assets: The write-down of tangible capital assets during the year was $3,596 (2012 - $1,869,727).

	Buildings	Drainage	Land Improvements	Water	Sanitary Sewer	Assets Under Construction (AUC)	2013 Total
$	35,665,131	$ 85,655,188	$ 20,318,484	$ 70,478,509	$ 56,307,135	$ 2,262,876	$ 780,423,242
	135,980	272,637	-	893,220	340,415	3,445,940	14,126,157
	285,633	137,788	146,371	1,054,017	541,853	(3,167,347)	-
	(37,000)	(135,934)	-	(395,656)	(142,818)	-	(4,924,700)
	-	-	-	-	-	-	(3,596)
	36,049,744	85,929,679	20,464,855	72,030,090	57,046,585	2,541,469	$ 789,621,103
	14,780,254	25,491,269	4,897,212	26,506,094	17,728,328	-	$ 156,079,374
	1,014,751	1,280,617	290,256	1,573,542	839,813	-	11,534,077
	(30,733)	(39,656)	-	(223,562)	(95,078)	-	(3,152,550)
	15,764,272	26,732,230	5,187,468	27,856,074	18,473,063	-	164,460,901
$	20,285,472	$ 59,197,449	$ 15,277,387	$ 44,174,016	$ 38,573,522	$ 2,541,469	$ 625,160,202

	Buildings	Drainage	Land Improvements	Water	Sanitary Sewer	Assets Under Construction (AUC)	2012 Total
$	35,662,961	$ 81,584,965	$ 20,257,243	$ 67,798,245	$ 55,406,058	$ 1,654,205	$ 762,488,798
	2,170	4,968,733	61,241	1,891,148	901,306	2,339,761	22,305,991
	-	154,687	-	713,787	-	(1,722,506)	-
	-	10,905	-	130,548	21,737	-	2,501,820
	-	1,042,292	-	(205,877)	(21,508)	8,584	1,869,727
	35,665,131	85,655,188	20,318,484	70,478,509	56,307,135	2,262,876	780,423,242
	13,762,417	24,254,304	4,610,407	25,017,325	16,914,451	-	$ 146,616,420
	1,017,837	1,242,484	286,805	1,577,873	828,337	-	11,214,392
	-	5,519	-	89,104	14,460	-	1,751,438
	14,780,254	25,491,269	4,897,212	26,506,094	17,728,328	-	156,079,374
$	20,884,877	$ 60,163,919	$ 15,421,272	$ 43,972,415	$ 38,578,807	$ 2,262,876	$ 624,343,868

Notes to the Consolidated Financial Statements

13. Accumulated Surplus

		2013	2012
Unrestricted Reserves:			
General		$ 18,438,350	$ 16,089,497
Water		5,412,626	3,669,718
Sewer		1,896,200	1,277,927
		25,747,176	21,037,142
Restricted Reserves	Note 14	51,035,087	43,392,924
Equity in tangible capital assets	Note 15	601,845,989	600,747,376
Equity in inventories and prepaid expenses		765,306	583,395
		602,611,295	601,330,771
		$ 679,393,558	$ 665,760,837

14. Restricted Reserves

	Balance, beginning of year	Contributions	Interest Allocation	Use of Reserves	Balance, end of year
Building maintenance	$ 367,913	$ 95,778	$ 5,977	$ (241,240)	$ 228,428
Cemetery expansion	110,265	23,404	2,383	(8,611)	127,441
Community amenities	176,625	-	3,577	-	180,202
Environmental	183,265	-	3,711	-	186,976
Equipment	14,916,486	2,670,239	302,584	(2,618,341)	15,270,968
Land sale	3,907,438	2,321,741	102,417	(21,338)	6,310,258
Long term infrastructure	3,711,578	2,185,500	97,288	-	5,994,366
Operating	1,716,133	148,443	33,629	(259,363)	1,638,842
Parking	1,877,297	323,562	41,291	-	2,242,150
Parks and recreation	1,954,268	779,947	38,536	(810,819)	1,961,932
Public safety building	437,329	33,600	9,196	-	480,125
Public works special capital	1,785,627	384,437	40,051	-	2,210,115
Roads and drainage infrastructure	7,536,386	2,999,049	163,760	(979,289)	9,719,906
Sewer	2,957,167	515,300	62,037	(302,488)	3,232,016
Social housing	216,810	-	4,391	-	221,201
Water	1,538,337	1,263,303	35,215	(1,806,694)	1,030,161
	$ 43,392,924	$ 13,744,303	$ 946,043	$ (7,048,183)	$ 51,035,087

15. Equity in Tangible Capital Assets

		2013	2012
Cost of tangible capital assets	Note 12	$789,621,103	$780,423,242
Accumulated amortization	Note 12	(164,460,901)	(156,079,374)
Debt incurred to purchase tangible capital assets	Note 11	(23,314,213)	(23,596,492)
		$601,845,989	$ 600,747,376

16. Pension Plan

The City and its employees contribute to the Municipal Pension Plan (the Plan), a jointly trusteed pension plan. The Board of Trustees, representing plan members and employers, is responsible for overseeing the management of the Plan, including investment of the assets and administration of benefits. The Plan is a multi-employer contributory pension plan. Basic pension benefits provided are based on a formula. The plan has about 179,000 active members and approximately 71,000 retired members. Active members include approximately 302 contributors from the City.

The most recent actuarial valuation as at December 31, 2012 indicated a $1,370 million funding deficit for basic pension benefits. The next valuation will be as of December 31, 2015 with results available in 2016. Employers participating in the Plan record their pension expense as the amount of employer contributions made during the fiscal year (defined contribution pension plan accounting). This is because the Plan records accrued liabilities and accrued assets for the Plan in aggregate with the result that there is no consistent and reliable basis for allocating the obligation, assets and cost to the individual employers participating in the Plan.

The City paid $2,388,550 (2012 - $2,169,844) for employer contributions to the Plan in fiscal 2013. Employees contributed $1,948,563 in 2013 (2012 - $1,769,075).

17. Commitments and Contingencies

a. The City has a contract with the federal government whereby the federal government provides Royal Canadian Mounted Police (RCMP) policing services. RCMP members and the federal government are currently in legal proceedings regarding pay raises for 2009 and 2010 that were retracted for RCMP members. As the final outcome of the legal action and the potential financial impact to the City is not determinable, the City has not recorded any provision for this matter in the financial statements as at December 31, 2013.

b. The loan agreements with the Greater Vancouver Regional District and the Municipal Finance Authority provide that, if at any time the scheduled payments provided for in the agreements are not sufficient to meet the Authority's obligations in respect of such borrowing; the resulting deficiency becomes a joint and several liability of the City and the other participants.

c. A number of legal claims have been initiated against the City in varying or unspecified amounts. The outcome of these claims cannot reasonably be determined at this time. The amount of loss, if any, arising from these claims will be recorded in the period in which the loss is realized. Liability insurance is carried by the City, subject to a deductible of $250,000. The City self insures claims under $250,000.

d. The City is a shareholder and member of E-Comm Emergency Communications for Southwest British Columbia Incorporated (E-Comm) whose services provided include: regional 9-1-1 call centre for the Greater Vancouver Regional District; Wide Area Radio network; dispatch operations; and records management. The City has 1 Class A share and 2 Class B shares. Class A shareholders are obligated to share in both funding the ongoing operations and any additional costs relating to capital assets (in accordance with a cost sharing formula) while Class B shareholders are not obligated to share in funding of ongoing operating costs. In accordance with the members' agreement, upon withdrawal from E-Comm, class A shareholders shall be obligated to pay to the withdrawal date as requested by E-Comm their share of the class A shareholders' obligation to any long-term capital obligations, including any lease obligations. This includes any lease obligations or repayments thereof committed to by E-comm up to the withdrawal date.

e. The City provides a share of both the ongoing operations and any additional costs relating to capital assets (in accordance with a negotiated agreement) for the RCMP building located at 2986 Guildford Way, Coquitlam, BC.

18. Trust Funds

Certain assets have been conveyed or assigned to the City to be administered as directed by an agreement or statute. The City holds the assets for the benefit of, and stands in a fiduciary relationship, to the beneficiary. The following trust fund is excluded from the City's financial statements.

	2013	2012
CEMETERY PERPETUAL CARE FUND		
Cash balance, beginning of year	$ 1,207,817	$ 1,146,049
Net contributions received (refunded)	30,770	39,305
Interest earned	24,770	22,463
Cash balance, end of year	$ 1,263,357	$ 1,207,817

19. Taxation and Other Levies

In addition to levying and collecting real property tax for municipal purposes, the City is required to levy and collect taxes on behalf of other jurisdictions as noted below:

	2013	2012
Gross taxes levied on property	$ 88,620,255	$ 84,716,187
Taxes levied and collected on behalf of other jurisdictions		
Province of BC - School Taxes	25,463,809	24,368,678
Greater Vancouver Regional District	805,883	755,141
BC Assessment Authority	846,396	820,714
South Coast British Columbia Transportation Authority	5,604,370	5,546,009
Municipal Finance Authority	2,671	2,600
	32,723,129	31,493,142
Taxation revenue	$55,897,126	$53,223,045

20. Budget Information

The budget information presented in these consolidated financial statements is based upon the 2013 Financial Plan Bylaw approved by Council on April 8, 2013. The chart below reconciles the approved budget to the budget figure reported in these consolidated financial statements.

	Budget Amount
Revenue	$ 91,323,861
Expenses	(87,041,680)
Annual surplus per statement of operations	4,282,181
Add:	
Transfers from reserves	5,550,359
Amortization	12,500,000
Less:	
Capital expenditures	(20,886,740)
Capital contributed by developers	(1,000,000)
Debt principal repayments	(445,800)
Approved Budget	$ -

21. Comparative Figures

Certain comparative figures have been reclassified to conform with the financial statement presentation adopted for the current year.

22. Operations by Segment

The City of Port Coquitlam provides a wide range of municipal services to its residents, businesses, industries, farms and other properties within its boundaries. Engineering structures and services, parks and recreation facilities, police, general government, fire and emergency, planning and development, water and sanitary sewer are the operating segments of the City. The City's operations and activities are organized and reported by segments broadly based on departmental business units. The departments disclosed in the segmented information, along with the services they provide, are as follows:

Engineering & Operations: Provides and maintains a number of essential municipal services and infrastructure including transportation, roads and drainage, environmental protection, solid waste collection, management of the City's fleet and related engineering services.

Parks & Recreation: Supports a sense of community and community well-being. Parks, trails, athletic fields, aquatics, skating, sports, fitness, active living, arts, culture, and the library along with general programming for people of all ages are services provided for community spirit and health.

Police Services: Is a shared service with the City of Coquitlam that protects the community from criminal activity and ensures public safety. Reactive, response-oriented policing is combined with strategic, proactive policing to deliver an effective, affordable policing model to the community.

	Engineering & Operations	Parks & Recreation	Police Services	General Government
REVENUE				
Taxation and Other Levies	$ -	$ -	$ -	$ 55,742,394
Utility Rates	-	-	-	-
Sale of Services	3,024,832	3,602,874	22,327	1,053,767
Contributions	5,596,310	1,217,795	431,140	76,790
Investment Income	-	-	-	1,689,857
Other Revenue	295,022	37,113	-	1,200,376
	$ 8,916,164	$ 4,857,782	$ 453,467	$ 59,763,184
EXPENSES				
Salaries and Benefits	$ 5,771,726	$ 9,402,915	$ 81,365	$ 5,656,034
Contracted and Other Services	1,879,048	2,734,668	12,109,440	1,479,102
Supplies and Materials	1,008,763	3,006,319	22,811	271,208
Amortization	6,474,354	1,587,765	154,637	515,041
Interest and Bank Charges	-	-	-	964,950
Loss on Disposals and Writedowns	851,573	-	-	(1,486,883)
	$ 15,985,464	$ 16,731,667	$ 12,368,253	$ 7,399,452
ANNUAL SURPLUS (DEFICIT)	$ (7,069,300)	$ (11,873,885)	$ (11,914,786)	$ 52,363,732

General Government: Supports the primary services provided by the City. These support services include, legislative, finance, information systems, bylaw services, human resources, and communications. The segment is responsible for adopting bylaws and policy; levying and collecting taxes and utilities; acquiring, disposing and managing City assets; maintaining information technology systems and applications; ensuring effective financial management and communication; administering collective agreements and payroll; emergency planning and corporate training; and performance reporting.

Fire & Emergency Services: The mandate of the Fire and Emergency Services department is to protect life, property and the environment through the provision of emergency response, inspections, code enforcement and public education.

Development Services: Development Services is responsible for preparing land use plans, bylaws and policies for sustainable development of the City and for reviewing and approving new development and building permits and inspections.

Water Operations: The water utility is an essential service delivered by the City to its residents and businesses for the supply of high quality, potable water at flows and pressures suitable for fire protection.

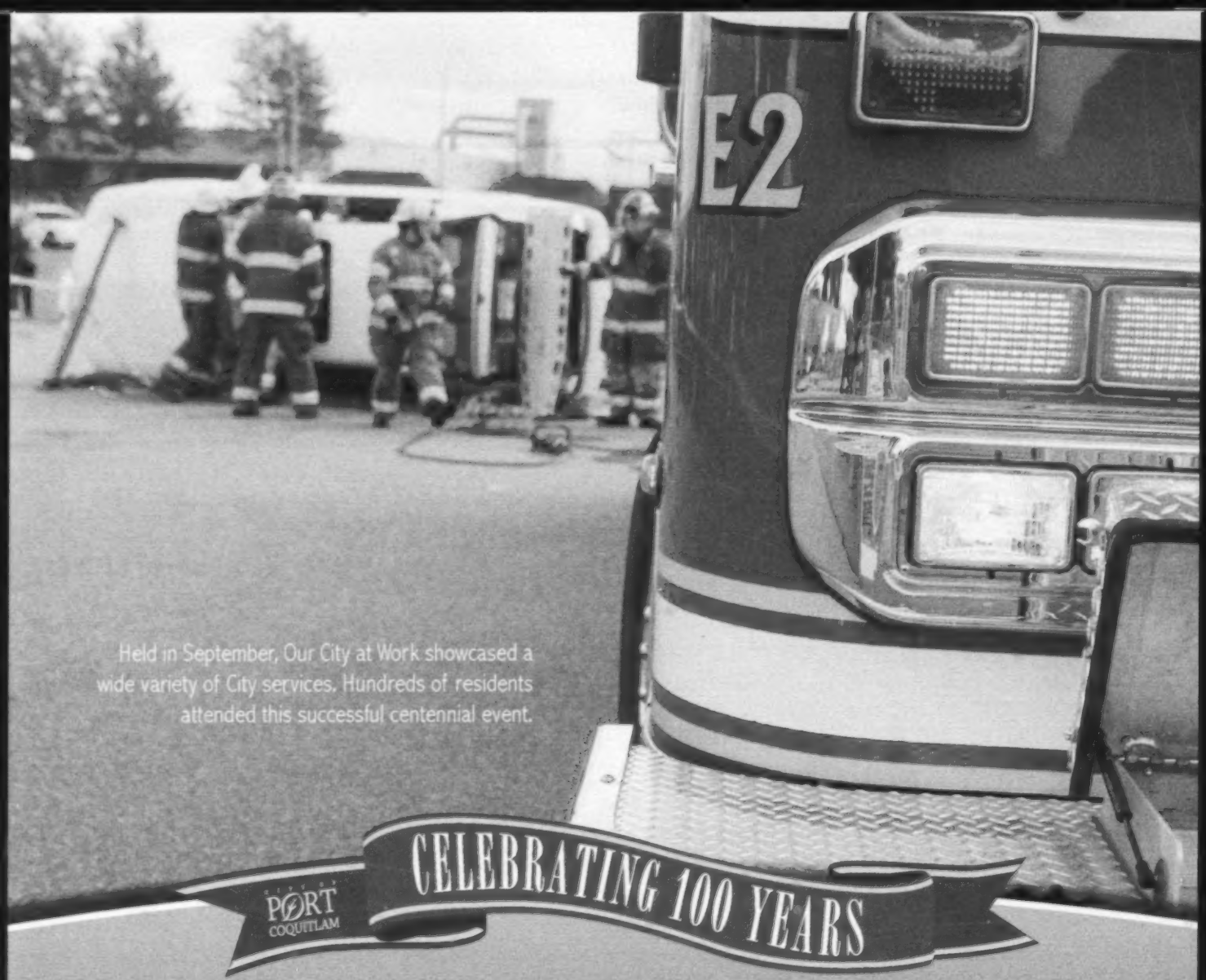
Sanitary Sewer Operations: The sanitary sewer utility is an essential service provided by the City to its residents and businesses for the collection and disposal of liquid wastes.

Fire & Emergency Services	Development Services	Water Operations	Sanitary Sewer Operations	2013	2012
$ -	$ 154,732	$ -	$ -	$ 55,897,126	$ 53,223,045
-	-	10,687,602	7,778,321	18,465,923	17,142,437
8,215	1,133,089	-	-	8,845,104	9,291,771
-	-	50,113	5,022	7,377,170	16,343,520
-	-	48,413	73,173	1,811,443	1,599,460
71,466	-	15,753	-	1,619,730	1,860,320
$ 79,681	$ 1,287,821	$ 10,801,881	$ 7,856,516	$ 94,016,496	$ 99,460,553
$ 7,819,210	$ 1,872,302	$ 495,433	$ 275,015	$ 31,374,000	$ 30,162,597
420,162	326,327	1,452,405	6,057,889	26,459,041	26,558,676
382,903	5,481	5,695,278	74,421	10,467,184	10,279,771
388,925	-	1,573,542	839,813	11,534,077	11,214,394
-	-	-	-	964,950	1,039,714
-	-	172,093	47,740	(415,477)	750,381
$ 9,011,200	$ 2,204,110	$ 9,388,751	$ 7,294,878	$ 80,383,775	$ 80,005,533
$ (8,931,519)	$ (916,289)	$ 1,413,130	$ 561,638	$ 13,632,721	$ 19,455,020

Schedule 1 – Statement of Operations by Fund

FOR THE YEAR ENDED DECEMBER 31, 2013

	General Fund	Water Fund	Sewer Fund	Capital Fund	Reserve Fund	2013	2012
REVENUES							
General taxes	$ 55,897,126	$ -	$ -	$ -	$ -	$ 55,897,126	$ 53,223,045
Utility charges	-	10,687,602	7,778,321	-	-	18,465,923	17,142,437
Sale of services	8,496,543	-	-	348,561	-	8,845,104	9,291,771
Contributions	1,405,211	-	-	5,901,459	70,500	7,377,170	16,343,520
Investment income	865,400	-	-	-	946,043	1,811,443	1,599,460
Other revenue	1,603,977	15,753	-	-	-	1,619,730	1,860,320
	$ 68,268,257	$ 10,703,355	$ 7,778,321	$ 6,250,020	$ 1,016,543	$ 94,016,496	$ 99,460,553
EXPENSES							
Engineering & Operations	$ 9,511,110	$ -	$ -	6,474,354	$ -	$ 15,985,464	$ 16,732,490
Parks & Recreation	15,143,902	-	-	1,587,765	-	16,731,667	16,104,407
Police Services	12,213,616	-	-	154,637	-	12,368,253	12,205,654
General Government	6,884,411	-	-	515,041	-	7,399,452	8,009,999
Fire & Emergency Services	8,622,275	-	-	388,925	-	9,011,200	8,523,834
Development Services	2,204,110	-	-	-	-	2,204,110	2,116,719
Water Operations	-	7,815,209	-	1,573,542	-	9,388,751	9,072,132
Sanitary Sewer Operations	-	-	6,455,065	839,813	-	7,294,878	7,240,298
	$ 54,579,424	$ 7,815,209	$ 6,455,065	$ 11,534,077	$ -	$ 80,383,775	$ 80,005,533
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENSES	$ 13,688,833	$ 2,888,146	$ 1,323,256	$ (5,284,057)	$ 1,016,543	$ 13,632,721	$ 19,455,020
INTERFUND TRANSFERS							
Current fund to Capital	$ (1,979,471)	$ -	$ -	$ 1,979,471	$ -	$ -	$ -
Current fund to Reserve	(11,525,701)	(1,354,503)	(793,600)	-	13,673,804	-	-
Capital fund to Current fund	1,552,316	172,094	47,740	(1,772,150)	-	-	-
Reserve fund to Current	794,787	37,171	40,877	-	(872,835)	-	-
Reserve fund to Capital	-	-	-	6,175,349	(6,175,349)	-	-
	$ (11,158,069)	$ (1,145,238)	$ (704,983)	$ 6,382,670	$ 6,625,620	$ -	$ -
ANNUAL SURPLUS	2,530,764	1,742,908	618,273	1,098,613	7,642,163	13,632,721	19,455,020
ACCUMULATED SURPLUS, BEGINNING OF YEAR	16,672,892	3,669,718	1,277,927	600,747,376	43,392,924	665,760,837	646,305,817
ACCUMULATED SURPLUS, END OF YEAR	$ 19,203,656	$ 5,412,626	$ 1,896,200	$ 601,845,989	$ 51,035,087	$ 679,393,558	$ 665,760,837



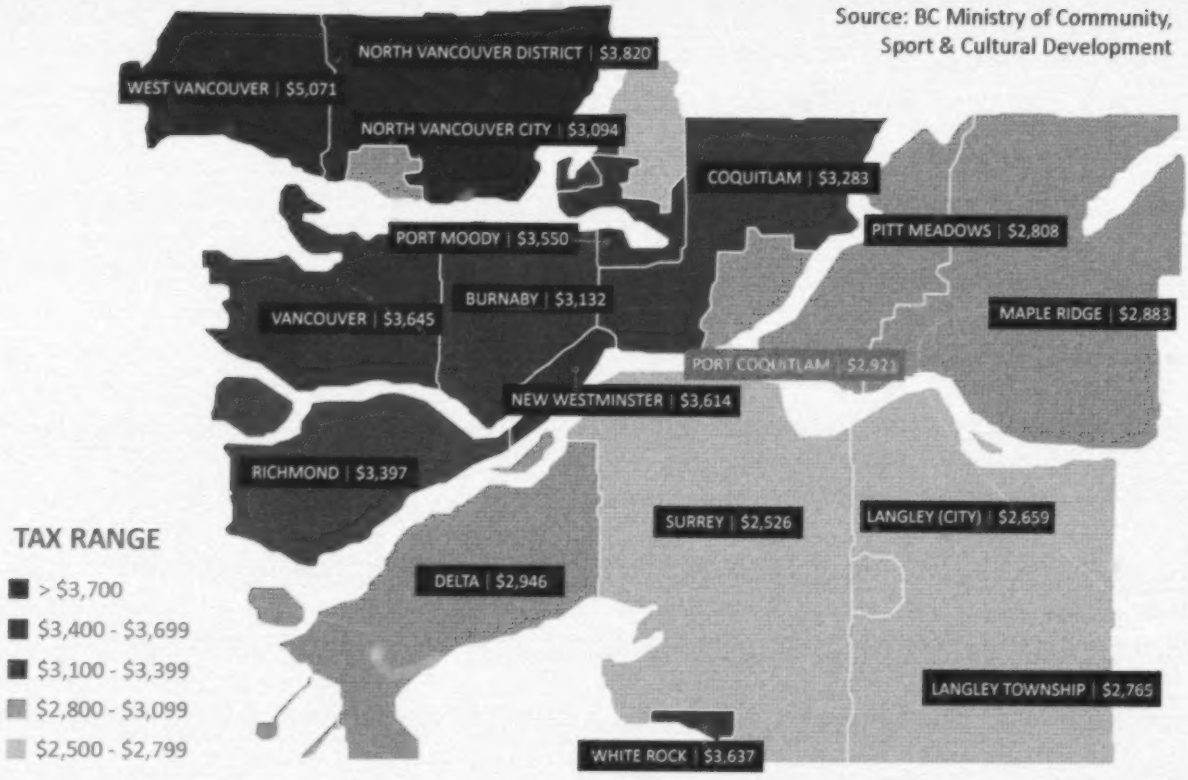
Held in September, Our City at Work showcased a wide variety of City services. Hundreds of residents attended this successful centennial event.

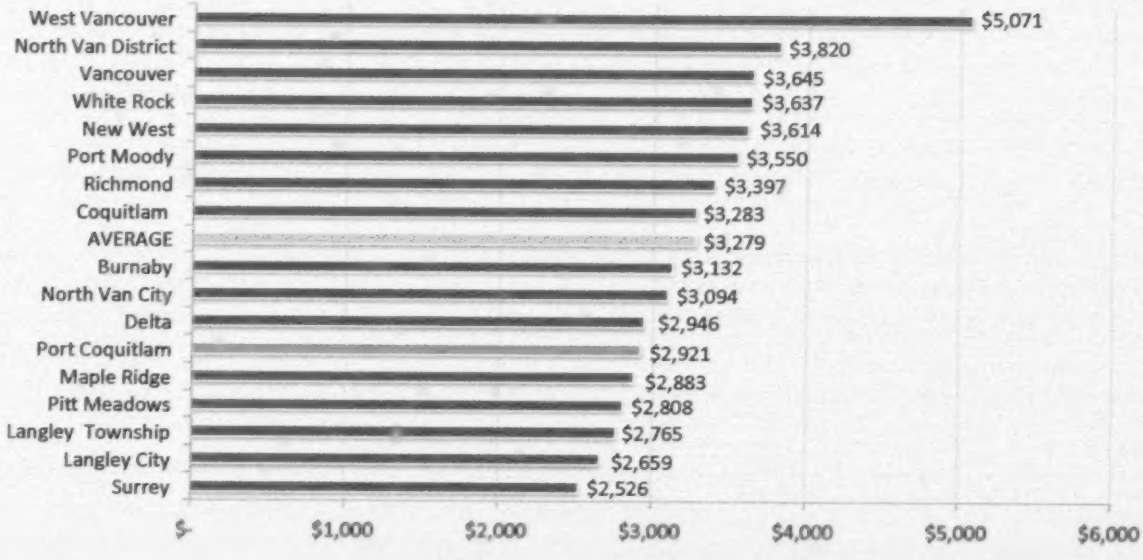
CITY OF PORT COQUITLAM

CELEBRATING 100 YEARS

Statistical Section
(unaudited)

Average Home Municipal Property Taxation and Utility Levels

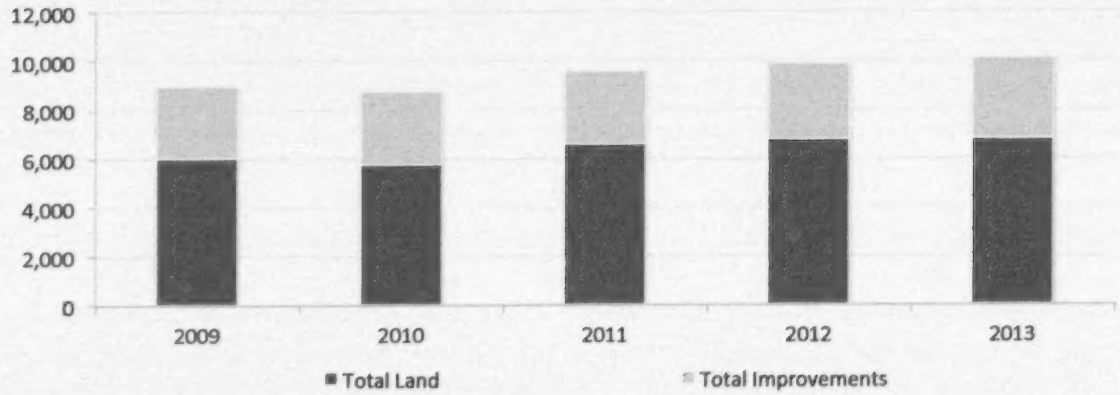




Assessed Values for General Municipal Purposes

Dollars (000,000)

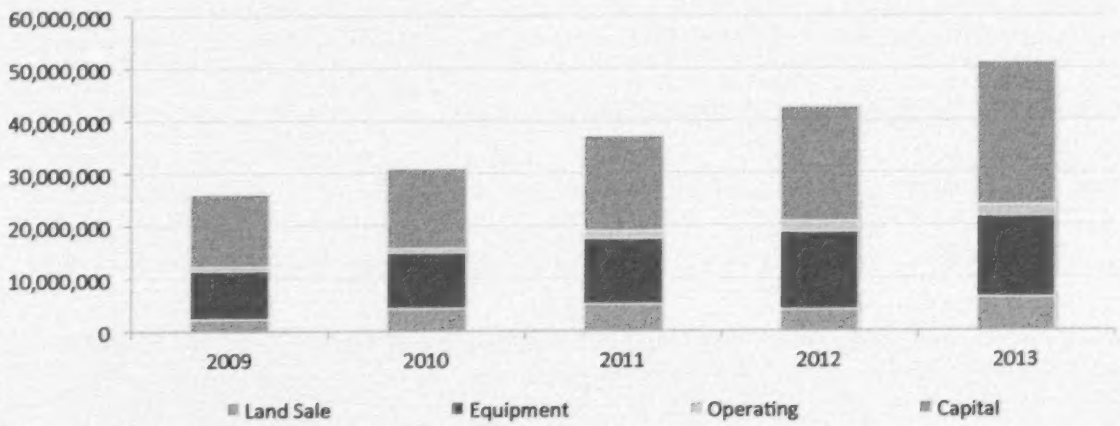
Source: BC Assessment Authority



Summary of Major Statutory Reserve Funds

Dollars

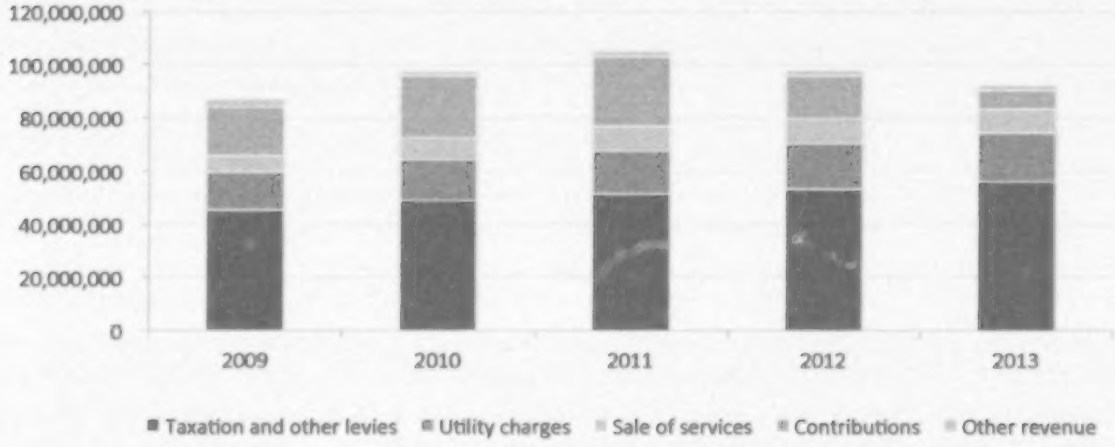
Source: City of Port Coquitlam Finance Department



Revenues by Source

Dollars

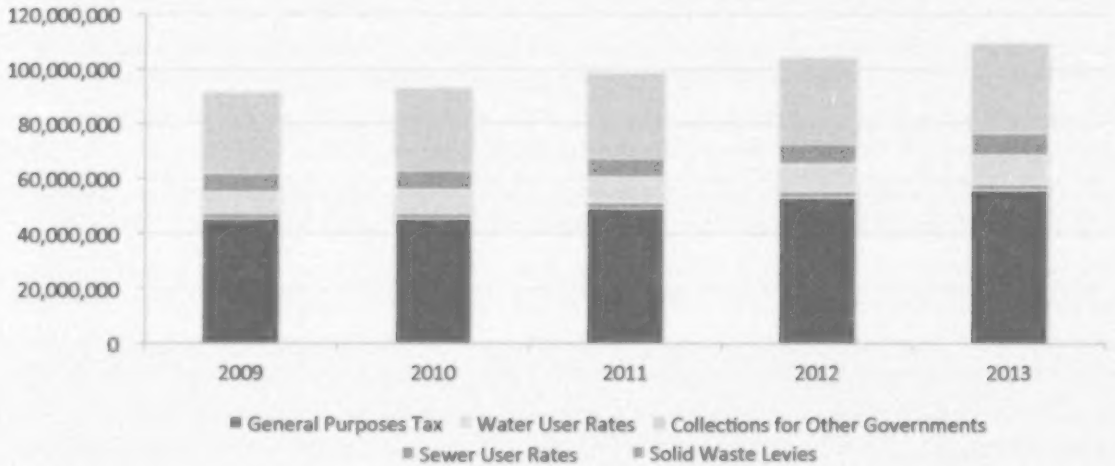
Source: City of Port Coquitlam Finance Department



Taxes, Major Levies and Other Government Collections

Dollars

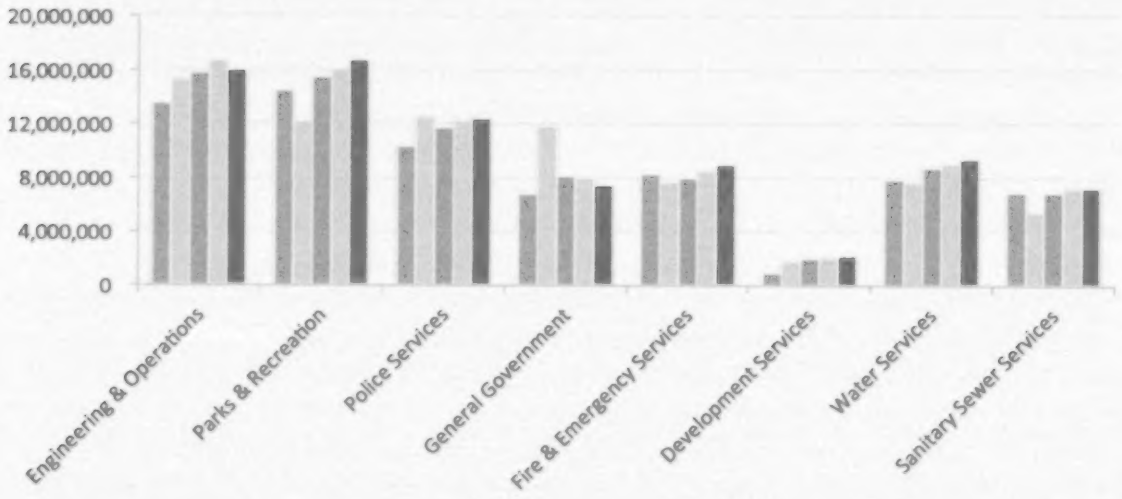
Source: City of Port Coquitlam Finance Department



Expense by Function

Dollars

Source: City of Port Coquitlam Finance Department



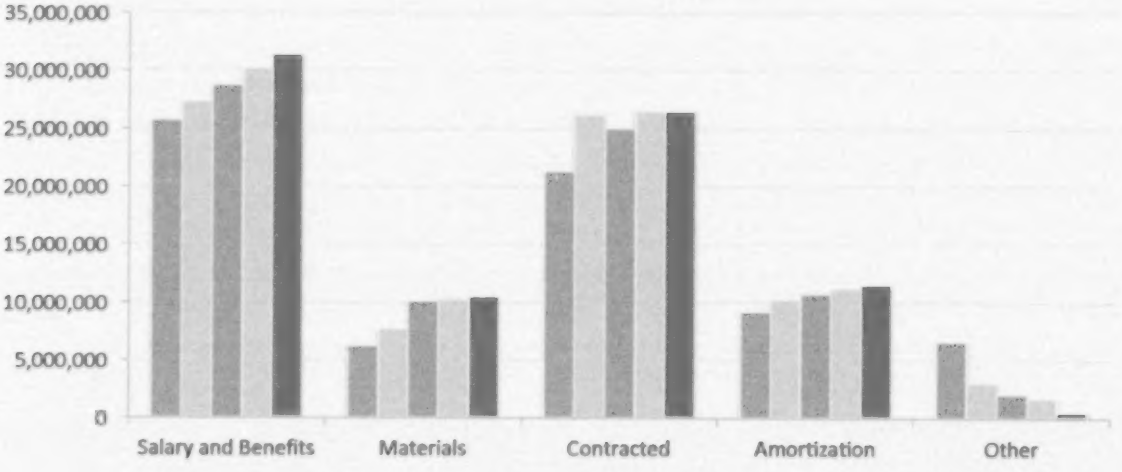
Annual Totals

2009	2010	2011	2012	2013
$68,226,963	$74,589,869	$76,802,516	$80,005,533	$80,383,775

Expense by Object

Dollars

Source: City of Port Coquitlam Finance Department



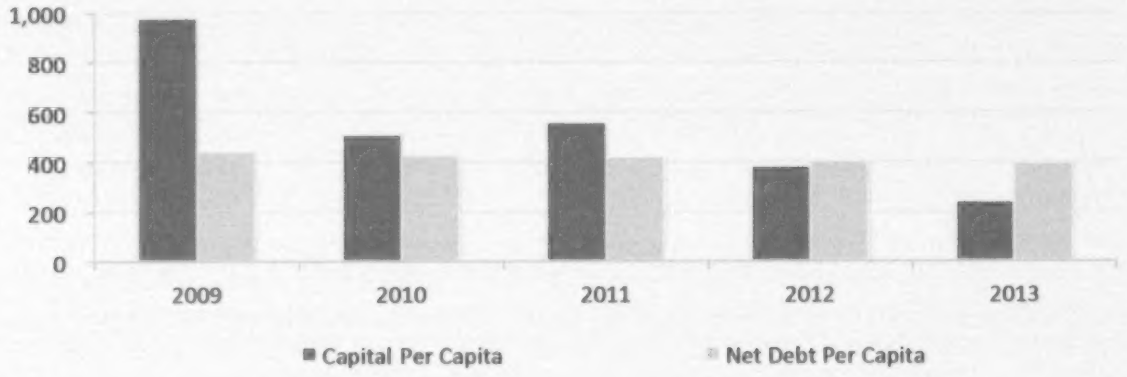
Annual Totals

2009	2010	2011	2012	2013
$68,226,963	$74,589,869	$76,802,516	$80,005,533	$80,383,775

Capital Expenditures and Net Debt Per Capita

Dollars

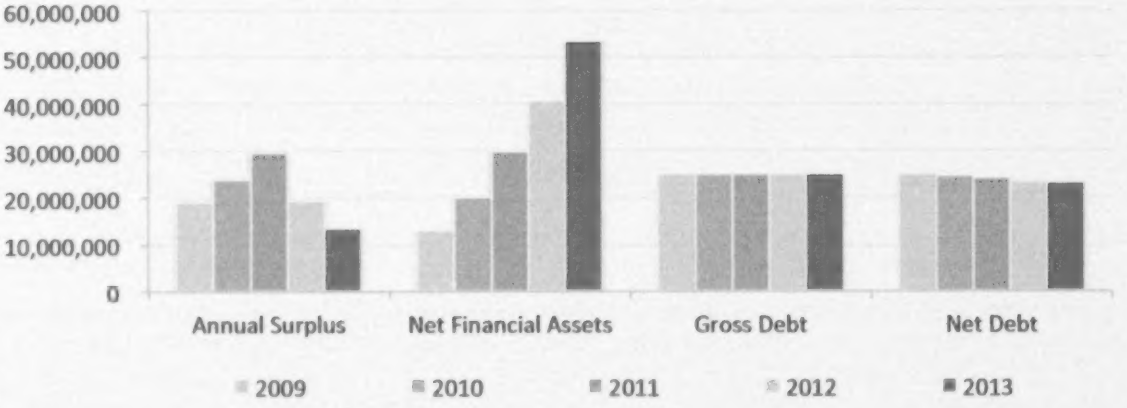
Source: City of Port Coquitlam Finance Department



Surplus, Net Financial Assets and Debt

Dollars

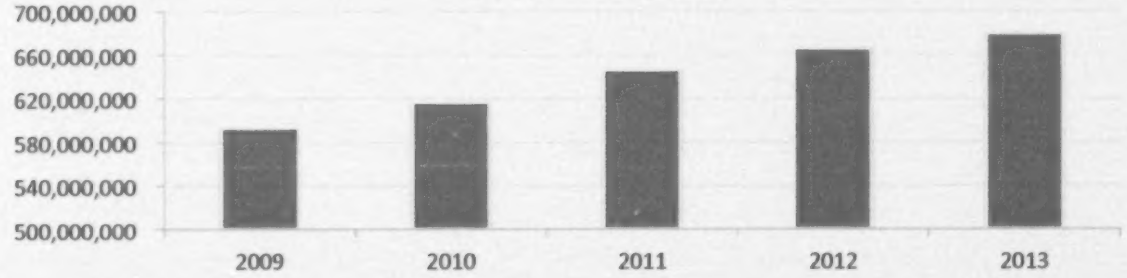
Source: City of Port Coquitlam Finance Department



Accumulated Surplus

Dollars

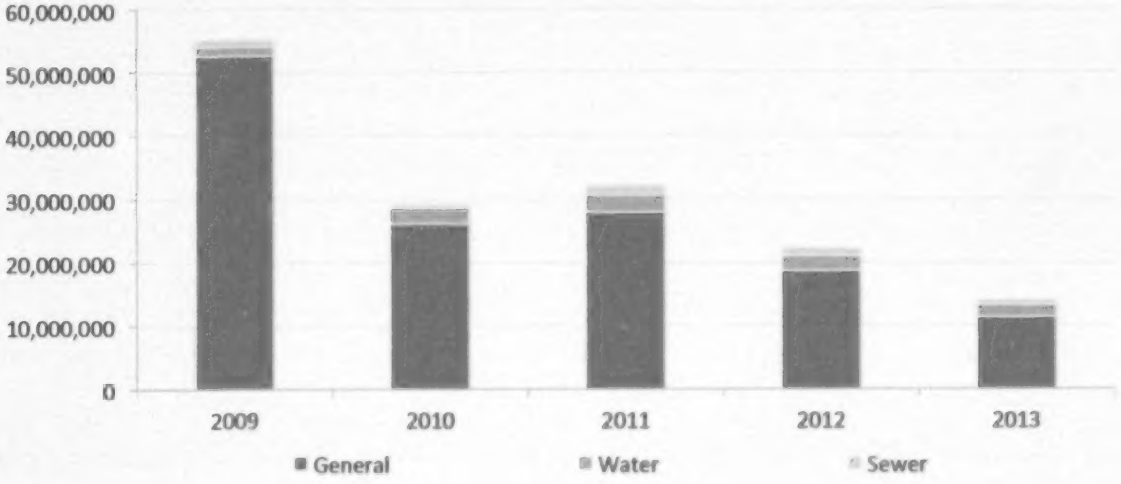
Source: City of Port Coquitlam Finance Department



Capital Expenditures by Fund

Dollars

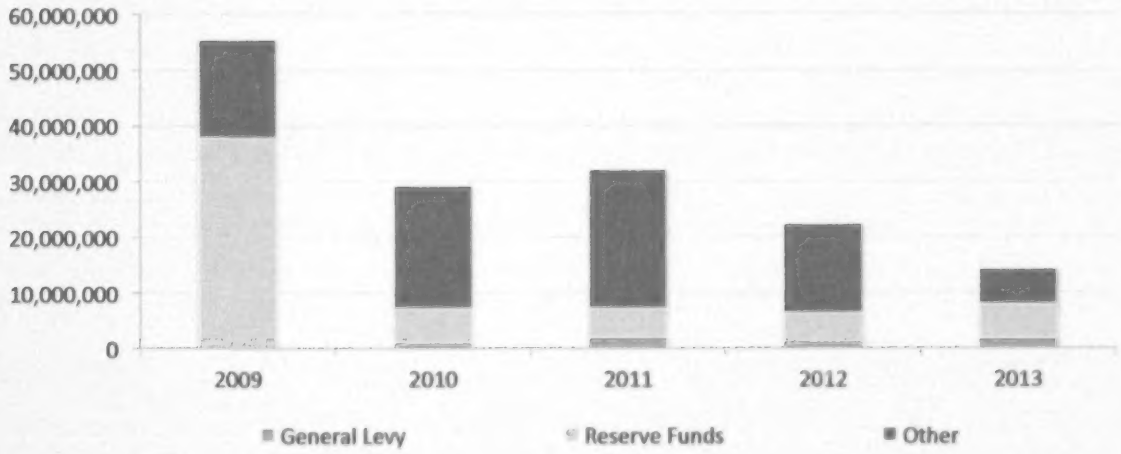
Source: City of Port Coquitlam Finance Department



Capital Expenditures by Source

Dollars

Source: City of Port Coquitlam Finance Department



Property Taxes Levied and Collected

Thousands

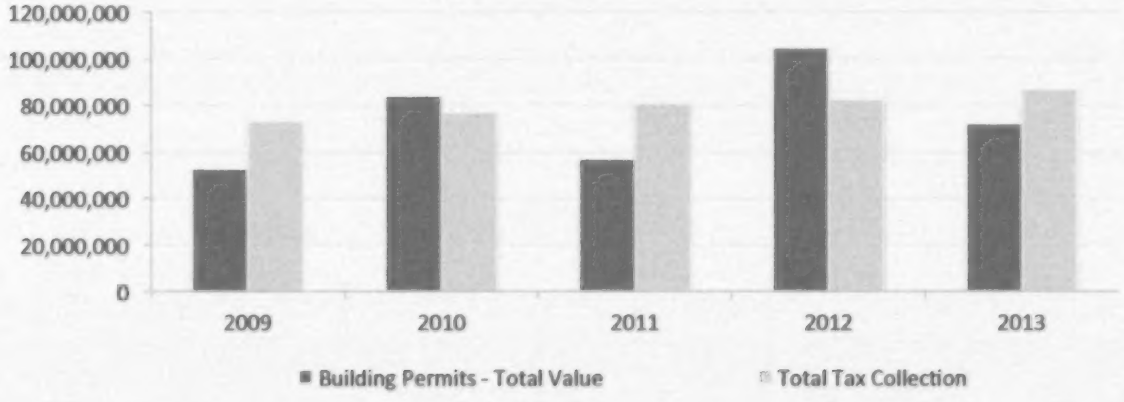
Source: City of Port Coquitlam Finance Department

	2009	2010	2011	2012	2013
City of Port Coquitlam - tax	$ 43,613	$ 46,926	$ 49,594	$ 51,408	$ 54,066
Regional District	709	744	791	755	806
BC Assessment	765	786	814	821	846
Finance Authority	2	2	2	3	3
School District	22,940	23,346	23,853	24,369	25,464
BC Transit Authority	5,232	5,384	5,598	5,546	5,604
TOTAL CURRENT TAXES LEVIED	73,261	77,188	80,651	82,902	86,789
Current tax collected ($)	71,776	75,306	79,035	81,158	85,323
Current tax collected (%)	97.97%	97.56%	98.00%	97.90%	98.31%
Tax arrears beginning of year	1,987	2,503	2,515	2,182	2,144
Tax arrears collected ($)	1,449	1,765	1,696	1,354	1,376
Tax arrears collected (%)	72.92%	70.52%	67.43%	62.04%	64.18%
TOTAL TAX COLLECTIONS ($)	$ 73,225	$ 77,071	$ 80,731	$ 82,512	$ 86,699

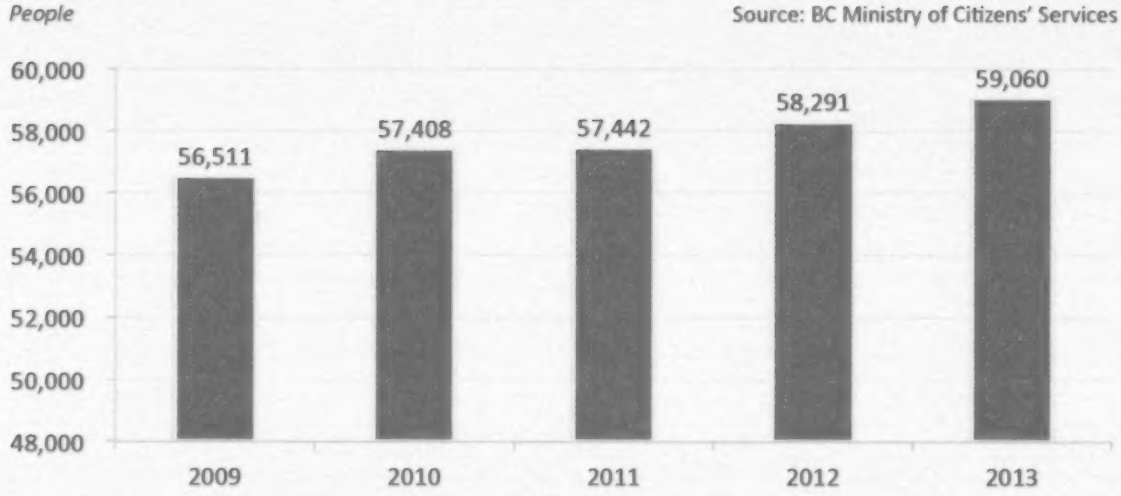
Building Permits and Total Tax Collection

Dollars

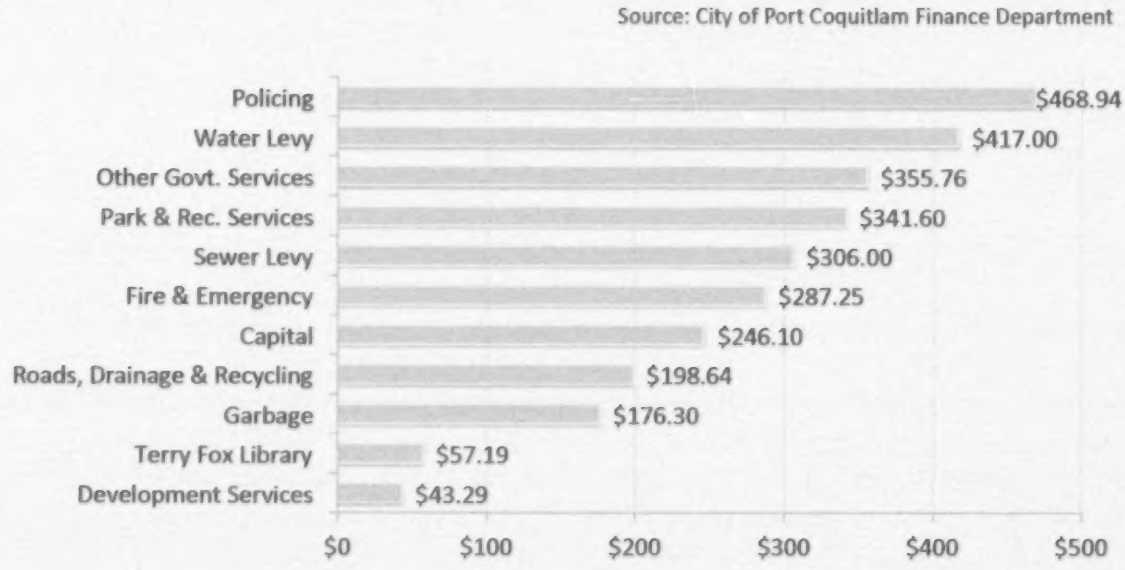
Source: City of Port Coquitlam Finance Department



Population Estimates



Estimated Household Costs of City Services for an Average Single Family Residence



2013 Revenue

Source: City of Port Coquitlam Finance Department

2013 Expenses

Source: City of Port Coquitlam Finance Department

2013 Principal Corporate Taxpayers

REGISTERED OWNER	PRIMARY PROPERTY	TAXES LEVIED
0697788 BC Ltd	Shopping Centre	$1,551,931
Canadian Pacific Railway	Railyard	1,048,266
Kebet Holdings Ltd	Miscellaneous	733,989
Artis Poco Place Ltd	Shopping Centre	535,582
629654 BC Ltd	Warehouse Distribution	489,065
Mondi Properties	Miscellaneous	420,528
1510060 Ontario Inc	Shopping Centre	386,694
Costco Wholesale Canada Ltd	Retail Sales	382,389
Sysco Canada Inc	Food Distributor	359,259
RPMG Holdings Ltd	Miscellaneous	353,557
Westlo Financial Corp	Shopping Centre	352,251
Esco Limited	Manufacturing	351,737
De Gobbi Industries Ltd	Miscellaneous	328,443
Consolidated Fastfrate (BC) Holdings Inc	Shipping Company	288,980
Onni Development Corp	Miscellaneous	287,517
Home Depot Holdings Inc	Retail Sales	273,935
Runnel Holdings Inc	Shopping Centre	269,107
Yen Hoy Enterprises Ltd	Shopping Centre	269,107
566203 BC Ltd	Miscellaneous	256,594
Sears Canada Inc	Distributor	254,871
Vansea Holdings Ltd	Miscellaneous	232,720
Jim Pattison Developments	Retail Sales	227,951
677129 British Columbia Ltd	Miscellaneous	203,551
Sunrise Investments Inc	Miscellaneous	203,469
351623 BC Ltd	Warehouse Distribution	140,870
		$ 10,202,362

2013 Permissive Property Tax Exemptions

NAME	TAX RELIEF
Port Coquitlam Heritage and Cultural Society	$ 2,090
Hyde Creek Streamkeepers	5,539
Port Coquitlam Kinsmen Club	6,325
Tri-City Women's Centre	6,761
Victory Baptist Church	8,842
Southside Baptist Church	10,157
Port Coquitlam Seniors Housing	11,654
Coquitlam Chinese Evangelical Free Church	12,287
Port Coquitlam Pentecostal Assembly	12,722
Northside Foursquare Gospel	19,114
Vancouver Bible Presbyterian	23,914
Hope Lutheran Church	25,944
Fellowship Deaconry Association of British Columbia	26,172
Tri-City Islamic Centre	26,499
BC Conference of Mennonite Brethren Church	27,506
Foresquare Gospel	29,100
Hawthorne Care Centre	79,200
Our Lady of Assumption Roman Catholic Church and Elementary	87,707
Archbishop Carney Roman Catholic High School	161,920
	$ 583,454

THE CORPORATION OF
THE CITY OF
PORT
COQUITLAM

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